

## UN Global Compact Communication on Progress 2010

### Statement of Continuing Support

The Global Compact is the largest and most important CSR alliance in the world and works in support of a more sustainable and more inclusive global economy. Voluntary orientation towards the 10 principles of the Global Compact is of fundamental importance in terms of achieving specific progress through upholding human rights, implementing international working standards, protecting the environment and preventing corruption.

Volkswagen AG joined the Global Compact in 2002 at the Sustainability Summit in Johannesburg. Eight years on, we are renewing our commitment and continuing to support the 10 principles by also exerting our influence in the numerous countries where Volkswagen has sites and providing our expertise to enable others to implement the Global Compact goals.



Dr. Gerhard Prätorius  
Director of CSR Coordination and Sustainability  
December 2010

## UN Global Compact Principles

### **Principle 1: Business should support and respect the protection of internationally proclaimed human rights.**

GRI indicators: HR1, HR2 , HR8

Policies: [Group Values](#), [Group guiding Principles on Sustainability](#), [Declaration on Social Rights and Industrial Relations \(= Social Charter\)](#), [Code of Conduct](#)

#### **Progress:**

- By introducing a Code of Conduct in 2010 the Volkswagen Group has taken another resolute step in the exercise of our global and local responsibility. In addition to international conventions, laws, and internal rules, our Group values provide the bases for our actions. The Group's values – “closeness to the customer, superior performance, value creation, renewability, respect, responsibility, and sustainability” – are the basis for Group-wide collaboration and have been incorporated into our Code of Conduct.
- We respect internationally recognized human rights and support the observance of these rights. We act in accordance with the applicable requirements of the International Labor Organization. We recognize the basic right of all employees to establish trade unions and labor representations. We reject all deliberate use of forced or compulsory labor. Child labor is prohibited. We heed the minimum age requirements for employment in accordance with governmental obligations.
- We ensure that rules in our organization are obeyed and raise awareness among employees through suitable preventive measures and their integration in the existing management system. We have created a compliance network throughout the Volkswagen Group which brings together the expertise of compliance officers in the brands and companies and of various Group bodies.
- Volkswagen has been proactively engaged in fighting AIDS/HIV since 2001. In a spin-off effect of the anti-AIDS campaign, Volkswagen has additionally managed to reduce the number of cases of tuberculosis. Some 300,000 people are said to die of this disease in South Africa every year. The World Health Organization statistics rank South Africa as the 7th most affected country in the world. The cure rate at VW of SA (93 per cent) is now well above the country average (56 per cent). And a much lower percentage of Volkswagen employees who have tuberculosis are also HIV carriers than is the case on average in the country as a whole. For some time now, Volkswagen has propagated the need for AIDS care among its suppliers as well. In addition to the ten companies incorporated into the system, Volkswagen is in the process of recruiting 40 more suppliers to take part in the scheme. Employees at these companies who have AIDS will receive anti-retroviral treatment for five years. The Business Coalition Against HIV/AIDS, co-founded by Volkswagen, is currently mobilising support from other members of the business community in South Africa and from the Chamber of Industry and Commerce to facilitate its joint campaign against this deadly virus. To create an even closer knit in the existing education and help network, VW of SA is collaborating with local authorities, with other service providers in the region and even with schools (where, for example, board games designed to educate students about the risk of contracting AIDS are being distributed). And the Volkswagen Community Trust, a non-profit organisation, is the key protagonist when it comes to looking after the needs of AIDS orphans or arranging specific training for medical practitioners.

## **Principle 2: Businesses must ensure their own corporations are not complicit in human right abuses.**

GRI indicator: HR1, HR5, HR6, HR7, HR 8, SO5

Policies: [Group Values](#), [Social Charter](#), [Global Labor Charter](#), [Code of Conduct](#)

### **Progress:**

- The Volkswagen Group Code of Conduct expresses our support for the General Declaration on Human Rights issued by the UN in 1948 and the European Convention on the Protection of Human Rights and Fundamental Freedoms, 1950.
- As the first employer, the Volkswagen Group has adopted a "Global Labor Charter". The Charter sets out binding minimum standards for the entire Group in the area of the participation rights of employee representative bodies at the level of individual facilities. The Charter, concluded between employee representative bodies, the Group Board of Management and the International Metalworkers' Federation, was signed at the meeting of the Global Group Works Council. The meeting was attended by employee representatives from the Group's more than 60 locations in 15 countries, the Volkswagen Group Board of Management and the international human resources managers of the Group. The Charter is to improve world-wide labor relations standards at all locations. It is an expression of the special culture of codetermination at Volkswagen. The Global Labor Charter sets out the participation rights of employee representative bodies in the following areas: human resources and social matters, labor organization, remuneration systems, information and communication, initial and advanced training, occupational health and safety, controlling, and social and ecological sustainability. A distinction is made between three stages in participation, the right to receive information, consultation rights and codetermination. At the Group's locations, the Charter will be implemented on the basis of specific agreements reached between the managements and employee representatives of the plants concerned. The Charter also provides for annual location symposia at which management and employee representatives are to discuss the development of the location within the relevant planning period and especially employment prospects. In addition, the Charter also grants to global employee representative bodies the right to hold workforce meetings at least once per year. At these meetings, management is to inform the workforce on the economic situation, the development of the location and developments in the area of human resources and social matters.
- Global Group Works Council of Volkswagen AG, the General and Group Works Council and the Works Councils of the plants provided information and training for their members in the content and intentions of the Volkswagen Global Labor Charter.
- In 2010 Volkswagen has published the "1:0 to Volkswagen. Corporate social responsibility in South Africa" project report in anticipation of the football world cup. The 90-page brochure presents a whole host of projects and programmes initiated by Volkswagen to improve the local environment and to create opportunities for a better life for people. The range of themes extends from the fight against AIDS, to education and employment initiatives under the banner of the Black Economic Empowerment strategy, to promoting sport and football. An exhibition was also opened at the Automobil Forum in Berlin under the same motto, "1:0 to Volkswagen". A total of 16 attention-grabbing, large-scale panels illustrate and describe the projects and programmes being led by the automotive manufacturer in South Africa.

### **Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.**

GRI indicator: LA4, HR5

Policies: [Social Charter](#), [Code of Conduct](#)

#### **Progress:**

- Volkswagen acts in accordance with the applicable requirements of the International Labor Organization. We recognize the basic right of all employees to establish trade unions and labor representations.
- Volkswagen is committed to working with employee representatives in candor and trust, to conducting a constructive and co-operative dialogue, and to striving for a just balance of interests. Professional dealings with employee representatives that permit neither privilege nor discrimination are part of our corporate culture.
- The network of workforce representatives (see no. 2 above) supported by management continuously checks the validity of freedom of association and the autonomy of collective bargaining.
- The level of union organisation at Volkswagen has attained a level highly above the average even compared to the rest of the industry.
- There were only very few strikes throughout the Group in 2010.

### **Principle 4: Businesses should support the elimination of all forms of forced and compulsory labour.**

GRI indicator: HR7

Policies: [Social Charter](#), [Code of Conduct](#), [Sustainability in Supplier Relations](#)

#### **Progress:**

- We act in accordance with the applicable requirements of the International Labor Organization. We reject all deliberate use of forced or compulsory labor. Remuneration and benefits paid or otherwise rendered in compensation for a normal working week are in keeping at least with the minimum national legal standard or standards of the respective national economic region.
- All employees of Volkswagen AG including all Group and associated companies have labour contracts based on voluntary employment in accordance with the principle of freedom of contract and contain arrangements for the labor contract to be terminated.
- Furthermore, we support and encourage all other affiliated companies, as well as our business partners and suppliers, to take the Code of Conduct into account in their own corporate policies including recognition of the ILO's key working standards.

## **Principle 5: Business should support the effective abolition of child labour.**

GRI indicator: HR6

Policies: [Social Charter](#), [Code of Conduct](#), [Sustainability in Supplier Relations](#)

### **Progress:**

- We act in accordance with the applicable requirements of the International Labor Organization. Child labor is prohibited. We heed the minimum age requirements for employment in accordance with governmental obligations.
- Volkswagen works together with suppliers which share the company's concept of sustainability, that expressly include recognition of the ILO's key working standards.
- The ad-hoc team of experts for investigating problem cases in the supplier chain also checked for compliance with the prohibition on child labour.

## **Principle 6: Business should support the elimination of discrimination in respect of employment and occupation.**

GRI indicator: HR3

Policies: [Social Charter](#), [Code of Conduct](#), [Co-Operative Conduct at the Workplace](#)

### **Progress:**

- We guarantee equal opportunity and equal treatment, irrespective of ethnicity, skin color, gender, disability, ideology, faith, nationality, sexual orientation, social background, or political conviction, provided such is based on democratic principles and tolerance towards those of contrary convictions. As a matter of principle, our employees are chosen, hired, and supported based on their qualifications and skills. Each of our employees is prohibited from discrimination of any kind (e.g., by disadvantaging, harassing, or bullying) and shall foster a respectful, partner-like interaction with one another.
- At Volkswagen, there is a climate of zero tolerance for any form of discrimination. Clear processes and harsh sanctions - even as far as dismissal - have been implemented and communicated.
- As part of the professional training and further education of Volkswagen employees, training courses have been given for specific target groups dealing with the topics of protection and defence against discrimination, sexual harassment and bullying, legal protection for the victims and mandatory procedures for managers.

## **Principle 7: Business should support a precautionary approach to environmental challenges.**

GRI indicator: EN12, EN18, SO5

Policies: [Group Guiding Principles on Sustainability](#), [Environmental Group Principles](#), [Environmental Objectives of Technical Development](#), [Biodiversity Mission Statement](#)

### **Progress:**

- For the 15th time in succession, the Volkswagen technical development environmental management system has been awarded DIN EN ISO 14001 certification. An 'anniversary' brochure has been produced to mark the occasion. The brochure explains exactly how environmental protection became a core part of the product creation process at Volkswagen. The Volkswagen technical development environmental management system has been awarded its latest DIN EN ISO 14001 certificate from TÜV NORD. The ISO/TR 14062 certification first achieved in 2009 has also been renewed. The standard stipulates binding conditions for the integration of environmental aspects into product design and development.
- The Group Environmental Steering Committee (KSK-U) developed the environmental strategy in close consultation with the relevant environmental protection committees of the brands and regions.
- The most powerful wind turbine in the world was inaugurated in 2010 in the grounds of the Volkswagen Emden plant. E-126 is the most powerful wind turbine of its kind in the world. With a nominal capacity of 6000 kilowatt hours and an annual yield of 20 million kilowatt hours, the turbine covers the energy requirements of around 5000 private households. The extension of the Emden wind park with the commissioning of the E-126 wind turbine is evidence of the consistent application of Volkswagen's "Think Blue." initiative. "Think Blue." is both a company mindset and a personal commitment to sustainable mobility. Production processes that conserve resources and the environment and energy-efficient vehicles are at the heart of the Volkswagen strategy. The Emden plant, which manufactures vehicles such as the Passat "BlueMotion", implements this strategy with its intensive use of regenerative energy recovery.
- Volkswagen joined the Business and Biodiversity Initiative of the German Federal Government and supported the 10th UN Conference on Biological Diversity.

## **Principle 8: Business should undertake initiatives to promote greater environmental responsibility.**

GRI indicators: EN6, EN7, EN18, EN26, SO5

Policies: [Group Values](#), [Code of Conduct](#), [Group Guiding Principles on Sustainability](#), [Environmental Group Principles](#)

### **Progress:**

- Volkswagen set itself the goal back in 1995 of achieving continuous improvements in the environmental compatibility of its products and production processes. The technical development environmental management system is the key to ensuring that

each and every new Volkswagen is more environmentally friendly than its predecessor.

- We develop, produce, and distribute automobiles around the world to preserve individual mobility. We bear responsibility for continuous improvement of the environmental tolerability of our products and for the lowering of demands on natural resources while taking economic considerations into account. We therefore make ecologically efficient advanced technologies available throughout the world and implement them over the entire lifecycle of our products. At all of our locations, we are a partner to society and politics with respect to the configuration of social and ecologically sustainable positive development. Each of our employees make appropriate and economical use of natural resources and ensure that their activities have only as limited an influence on the environment as possible.
- In 2010, the Volkswagen brand awarded its seventh in-house environmental prize. This honours environmental commitment shown independently by employees in their sphere of work.
- The Head of the Volkswagen CSR and Sustainability Office was appointed to the advisory board for the „Sustainable Supplier Chain“ Global Compact project. The results of the project were presented at the Global Compact summit in 2010.

## **Principle 9: Business should encourage the development and diffusion of environmental friendly technologies.**

GRI indicator: EN6, EN7, EN18, EN 26, SO5

Policies: [Environmental Group Principles](#), [Environmental Objectives of Technical Development](#)

### **Progress:**

- A team of environmental experts led by the Group Environmental Officer was involved in all model developments using the instruments of the environmental management system by providing advice and undertaking a controlling function. This means concepts for making use of renewable raw materials, employing green materials as well as taking measures to reduce fuel consumption and CO2 emissions were evaluated, agreed and implemented right from the preliminary planning stages in vehicle development.
- The company has the clear goal, that every new car generation consumes less fuel than its predecessor. Continuing and expanding the Volkswagen "BlueMotion" range of particularly fuel-efficient vehicles as well as the corresponding "e" series from the Audi Group brand, the Skoda "Greenline" and the SEAT "Ecomotive" models underlined the sustainable and binding nature of this development target.
- Volkswagen Aktiengesellschaft has been a partner of the "Niedersachsen Allianz für Nachhaltigkeit" [The Lower Saxony alliance for sustainability] since March 2010. The alliance is an initiative created by corporations, trade associations, trade unions and the Lower Saxony state government. The aim of this initiative is to increase the innovative ability of Lower Saxony, to promote environmentally friendly economic growth and to protect the local environment and nature, to improve living and working conditions, and to maintain social cohesion.

## **Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.**

GRI indicator: SO2, SO3, SO4

Policies: [Code of Conduct](#)

### **Progress:**

- It is important to us that the employment activities of our employees do not get in a conflict between their private interests and those interests of the Volkswagen Group. Therefore, it is imperative that all situations from which conflicts of interest could arise be avoided. For the protection of the Volkswagen Group and our employees, we have established binding internal rules of conduct as well as a system for counseling, exposure, and the pursuit of such activities and offences (the Volkswagen Group Anti-Corruption System).
- We support national and international efforts not to influence or distort competition through bribery, and we reject any corrupt and detrimental conduct to business. None of our employees may use the business connections of the Company for their own benefit or for that of another or to the disadvantage of the Company. This means, in particular, that none of our employees grants or accepts impermissible personal benefits (e.g., money tangible assets, or services) that are intended to influence a fact-based decision. To avoid legal consequences for the Volkswagen Group, associated business partners, also for one's self from the outset, each of our employees must always take the initiative to inform themselves about the internal rules before giving or receiving gifts, extending or accepting invitations or business entertainment. Each of our employees is obligated to seek help or advice upon suspicion or legal uncertainty about the existence of corruption or white-collar crime. Advice and assistance are provided by the superior, the responsible internal departments (e.g., Auditing, Legal, Compliance, Group Security, or Human Resources), the anticorruption officer, or the ombudsmen. In addition, every employee can also turn to the Works Council.
- The anti-corruption officer is an integral part of our anti-corruption system. He or she is the internal point of contact within the Volkswagen Group for the subject of corruption. The anti-corruption officer is available to advise every employee but also to business partners and third parties on questions pertaining to corruption, such as the permissibility of accepting gifts.
- In addition, every one of our employees can also turn to one of the Group's two independent ombudsmen upon discovering indications of corruption. The outside lawyers retained by the Group as ombudsmen receive information and forward it to the Company for investigation after an initial review and after approval by the informant. The name of the informant is only forwarded to Volkswagen with the informant's consent. The initiation of the contact is thus strictly confidential.