

# VOLKSWAGEN

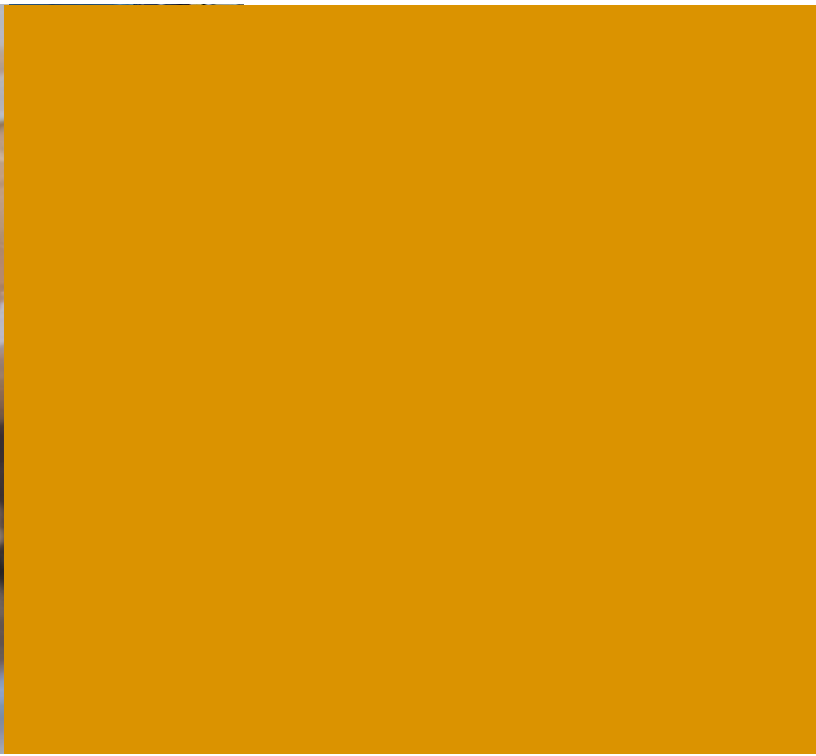
AKTIENGESELLSCHAFT



**Declaration by the Volkswagen Group on social rights,  
industrial relations and business and human rights**

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## Preamble

The Volkswagen Group anchors fundamental social rights and principles with this declaration as part of its corporate policy . The proactive management of current global challenges is a decisive factor for the Volkswagen Group in safeguarding international competitiveness and a prerequisite for ensuring good working conditions.

The Volkswagen Group is committed to fulfilling the social responsibilities that accompany its status as a global company. Recognizing that sustained economic success is only possible if ecological and, above all, social issues are taken into account at the same time, the Volkswagen Group and its employees address the associated challenges collectively. Safeguarding the future of the Volkswagen Group together with its workforce takes place in a spirit of cooperative conflict management and social commitment based on and with the goal of ensuring economic and technological competitiveness. Economic efficiency and job protection are equal-ranking and shared goals.

The Volkswagen Group is especially committed to its corporate human rights responsibilities and acknowledges the following international conventions and declarations while also reaffirming its support for the associated contents and principles. These include:

- The Universal Declaration of Human Rights, codified in particular in the International Covenant on Civil and Political Rights and in the International Covenant on Economic, Social and Cultural Rights (in addition to other applicable human rights treaties under international law, for example the UN Convention on the Rights of the Child)
- The ILO core labor standards<sup>1</sup>
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the ILO
- The ten principles of the UN Global Compact
- The UN Guiding Principles on Business and Human Rights,
- The OECD Guidelines for Multinational Enterprises

This declaration explicitly highlights principles of central importance for shaping our corporate responsibility, especially our duty of diligence with respect to human rights. This includes the international standards mentioned above as well as respective national laws. Furthermore, the Volkswagen Group proactively advocates the promotion of human rights, primarily in the context of social projects with human rights relevance.

This declaration provides a binding basis for social and industrial relations within the Volkswagen Group.<sup>2</sup> It also serves as a benchmark for shaping relationships with suppliers and other business partners. The resulting requirements, expectations and escalation mechanisms are defined and enshrined in special business processes in accordance with the guidelines for implementing this declaration. The specific expectations regarding suppliers arising from this declaration are defined in the Code of Conduct for Business Partners. This policy must be recognized by all suppliers prior to the commencement of the business relationship.

This declaration likewise forms the basis for dialog with further internal and external stakeholders as well as local communities in the business proximity and environment.

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To improve readability, the male form of address is sometimes used throughout the text. All genders are addressed equally in this respect. The shortened language form is for editorial reasons and is entirely without prejudice.

<sup>1</sup> ILO core labor standards C29, C87, C98, C100, C105, C111, C138 and C182.

<sup>2</sup> Other important Group-wide principles and rules, for example relating to labor relations, safety and health at work, temporary work and vocational education, can be found in separate charters. They apply to the countries and companies represented in the EKBR/WKBR.

## Scope

The Volkswagen Group, the Volkswagen Group European Works Council and the Volkswagen Group Global Works Council (EKBR / WKBR) adopt this declaration on behalf of Volkswagen AG and on behalf of controlled affiliated group companies of Volkswagen AG.<sup>3</sup>

Volkswagen strives to promote the same principles and objectives in companies in which the Volkswagen Group has an interest, but which are not affiliated group companies.

The principles and objectives set out below are realized with due regard for and in compliance with the applicable laws in the different countries and locations. In cases where national requirements fall short of the self-imposed standards, the Volkswagen Group promotes the advancement of the following principles and objectives.



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<sup>3</sup> Controlled Entities within Volkswagen Group are all direct or indirect controlled entities. This applies for the following: (1) Volkswagen AG or by Volkswagen AG controlled entities hold more than 50% of shares or the share capital of the entity or (2) Volkswagen AG can execute more than 50% of the voting rights in committees or the executive body of the entity based on effective shareholders agreements (e.g. voting agreements) and regulations (e.g. articles of association).

# Principles and objectives

## Freedom of association and collective bargaining

The Volkswagen Group recognizes the basic right of all employees to establish and join unions and employee representations.<sup>4</sup> In this context, the Volkswagen Group commits itself to safeguarding neutrality. This precludes any form of discrimination based on union activities.<sup>5</sup>

If this basic right is constrained by local laws, alternative and lawful possibilities to establish employee representation shall be fostered.

The Volkswagen Group recognizes the right to collective bargaining.<sup>6</sup> The Volkswagen Group and unions and/or employee representations engage collectively in social dialog. Thereby collective bargaining is a special expression of this social dialog.

The Volkswagen Group respects the right to strike insofar as this right is exercised in accordance with the respective national legal systems.

## No forced labor

The Volkswagen Group rejects forced labor and all forms of modern slavery including human trafficking.<sup>7</sup> This includes, in particular, 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.



## No discrimination and no harassment

The Volkswagen Group rejects all forms of discrimination, harassment or unwarranted disadvantage. This applies, in particular, to discrimination due to ethnic or social origin, skin color, gender, nationality, language, religion, physical or mental limitations, gender identity, sexual orientation, health status, age, marital status, pregnancy / parenthood, union membership or political persuasion, insofar as this is based on democratic principles and tolerance towards differently minded persons.<sup>8</sup> The Volkswagen Group is committed to equal opportunities and equal treatment and promotes an atmosphere of mutual respect and diversity in which employees are chosen, hired and promoted only based on their suitability, qualifications and abilities. The Volkswagen Group is committed to ensuring a healthy work-life balance and fulfills the requirements to achieve this.

The Volkswagen Group is committed to cultural diversity and respects the rights of ethnic, religious or comparable minorities and promotes teamwork characterized by mutual respect.

The Volkswagen Group respects and protects the rights of vulnerable groups, such as expectant mothers, people with disabilities, migrants, elderly employees as well as indigenous peoples.

The Volkswagen Group does not tolerate any form of harassment, either sexual or moral. This applies, in particular, to violence and harassment in the working environment, which occurs during, in relation to or as a result of work being carried out.<sup>9</sup>

The signatories are therefore of the opinion that preventing and prohibiting such behavior using suitable measures is imperative and a prerequisite for ensuring well-being at work.

<sup>4</sup> ILO Convention 87.

<sup>5</sup> ILO Convention 135.

<sup>6</sup> ILO Convention 98.

<sup>7</sup> ILO Conventions 29 and 105.

<sup>8</sup> ILO Convention 111.

<sup>9</sup> ILO Convention 190.





### **No child labor and protection of young workers**

Child labor is prohibited.

The minimum age for acceptance for employment is determined according to the standards of the International Labor Organization and the requirements for prohibition of hazardous child labor.<sup>10</sup>

### **Compensation and benefits**

The compensation and benefits paid or received for a normal work week correspond at least to the legally valid and guaranteed national minimum. In case legal or collective bargaining regulations do not exist, branch-specific tariff compensation and benefits are used as an orientation that are customary to the respective location and ensure an appropriate standard of living for the employees and their families.

The Volkswagen Group recognizes the principle of equal pay for work of equal value, especially between different genders.<sup>11</sup>

### **Work hours**

The Volkswagen Group recognizes the principle that work hours must correspond at least to the respective national legal requirements or to the minimum standards of the respective national economic sectors. The Volkswagen Group promotes social and societal dialog where possible based on collective bargaining in order to ensure that work hours are humane and compatible with health.

### **Occupational, health and fire safety and environmental protection**

The Volkswagen Group recognizes the importance of occupational, health and fire safety and environmental protection and is committed to creating a safe working environment and ensuring healthy employment conditions in accordance with applicable international standards. In this respect, it ensures occupational, health and fire safety at the workplace at no cost for employees at least in the context of the relevant national regulations and in harmony with the requirements of the corresponding Compliance Management System. The Volkswagen Group will take appropriate (eg. technical, organizational or personal) protective measures in this respect and ensure as well as track their compliance and continuous enhancement using the existing management systems and in cooperation with the social partners. The same applies to corporate environmental protection measures. In its environmental mission statement and policy, the Volkswagen Group commits itself to environmentally compatible actions and prudent use of resources in all of its activities.

### **Protection of confidential information**

The Volkswagen Group is committed to protecting personal data and protecting confidential information. At the same time, the Volkswagen Group is aware of the major importance of data, for example for digital business models. At the same time, this implies responsible use of data.

The collection, storage, processing and other use of personal data requires the consent of the data subject, a contractual regulation or some other legal basis.

<sup>10</sup> ILO Conventions 138 and 182.

<sup>11</sup> ILO Convention 100

### **Protecting the freedom of conscience, expression and religion**

The Volkswagen Group respects the right to freedom of conscience, expression and religion. In cases where these rights are subject to state restrictions, it advocates societal dialog.

### **Protection of bodily integrity, ban on torture**

The Volkswagen Group considers that the protection of bodily integrity is of primary importance and uses appropriate measures in a company context and as part of its duty of care to ensure adequate safeguarding of this legally protected right.

The Volkswagen Group acknowledges its past and its historical responsibility and respects international human rights in this context.

Any involvement including complicity or involvement in kidnappings, torture, killings or such acts is strictly repudiated.

### **Use of management systems for implementing this declaration**

The observance and realization of the principles and objectives set out in this declaration are tracked by using the existing and risk-exposure-driven compliance management systems, which are benchmarked in regard to recognized standards.

The content-based design and orientation of these existing management systems are described in greater detail in dedicated guidelines for implementing this declaration. The local implementation is tasked to the regionally responsible employee at the respective site.

Within the Volkswagen Group, respective measures for the implementation of this declaration are derived from applicable laws and company rules in close collaboration with the employee representations. In particular, this applies to measures involving training and communication.

The signatories affirm their commitment to continually monitor the compliance with this declaration and evaluation of its application. This shall happen at least once a year during the meeting of the Volkswagen Group European Works Council and the Volkswagen Group Global Works Council (EKBR / WKBR). The right of local employee representations to call on local management to initiate this evaluation during the course of the year shall hereby not be infringed.

Wolfsburg, November 27, 2020

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for the Volkswagen Group  
European Works Council and  
Group Global Works Council



### **Final provisions**

Upon signature, this declaration enters into force and replaces the previous „Declaration on social rights and industrial relations at Volkswagen“ as amended 11 May 2012. No individual or third-party rights can be derived from this declaration.

This declaration has no retroactive effects.

This declaration will be reevaluated regularly during the meetings of the Volkswagen Group European Works Council and the Volkswagen Group Global Works Council to determine a need for modification and can be adjusted in mutual agreement. Should any provision of this declaration be legally invalid, the parties agree to establish a new provision that approximates the invalid provision as closely as possible.

In case of ambiguity regarding the interpretation or application of this declaration, the German version prevails. The signatories agree to consult each other in this occurrence. The declaration must be appropriately communicated by the signing parties within their respective area of responsibility immediately following the signing of the declaration.

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for the Volkswagen  
Group Management



## Guidelines for implementing the Declaration in Automobili Lamborghini

In order to ensure compliance with the "Declaration by the Volkswagen Group on social rights, industrial relations and business and human rights" (hereinafter: Declaration) in day-to-day business, appropriate measures will be defined within the framework of the applicable laws and company regulations in close collaboration between the Volkswagen Group, the Volkswagen Group European Works Council and the Volkswagen Group Global Works Council including definition of clear responsibilities, internal regulations and where needed, improvement of existing processes. Accordingly, and in line with this, the procedure is carried out at AUDI AG by those responsible within the company and in the General Works Council; in Automobili Lamborghini by those responsible locally and the employee representatives, where applicable. The Volkswagen Group and the Audi brand group use the existing Compliance Management System (CMS) for implementing business & human rights due diligence<sup>1</sup>. Other relevant documents include the Lamborghini Ethic Code, the Code of Conduct for Business Partners, and other internal Group regulations<sup>2</sup>.

The "Business and Human Rights" department at Volkswagen AG is responsible for this subject area and for its coordination within the Volkswagen Group. Insofar as employees and/or internal processes in the Human Resources division are affected, this is done in consultation with Group Human Resources Policy and Standards. In Automobili Lamborghini, the topic is managed by a dedicated team composed by Compliance, Human Resources, Procurement and Sustainability Organization. The responsible individuals at each site are responsible for local implementation and will report accordingly to the respective Audi Group functions. They are supported in an advisory capacity both centrally and decentrally by the respective specialist areas (in particular Human Resources, Procurement, Corporate Responsibility and Integrity and Legal Affairs) and by employee representatives.

Regular site inspections are also carried out using a risk-based approach. Risk analyses of supplier relationships and relationships with other business partners serve as a means of establishing actual and potential adverse impact on human rights. For example, in the case of on-site checks as part of the sustainability review of suppliers (S-rating)<sup>3</sup>, this includes consultation with potentially affected parties or their representatives.

In addition, further preventive measures (e.g. training for employees and suppliers in the form of awareness-raising measures, adaptation of management systems or stakeholder dialogs) are also being taken. Reporting on the topic "Business & Human Rights" at Volkswagen AG is the joint responsibility of the Group "Business & Human Rights" coordination (AUDI AG: Compliance Department) and with Group Sustainability (AUDI AG: Corporate Responsibility).

The early warning system serves to identify risks and problems in the supply chain for the Audi Group on a forward-looking basis. The system makes use among other things of internal information within the Volkswagen Group and within Automobili Lamborghini. If Automobili Lamborghini become aware of sustainability violations at or by business partners, have to pass all relevant information to "Procurement Strategy" (I/BB) at: [s-rating@audi.de](mailto:s-rating@audi.de).

In the case of regulatory violations that are committed by Automobili Lamborghini employees in the context of business relationships, Group Policy Whistleblower System applies via the Audi Whistleblower System channels, e.g. via [whistleblower-office@audi.de](mailto:whistleblower-office@audi.de)<sup>4</sup>, via the ombudspersons or through employee representatives. Suspected violations of the Code of Conduct for Business Partners by Audi suppliers can be reported through the channel [speakup.supplychain@audi.de](mailto:speakup.supplychain@audi.de).

The Social Charta (i.e. Declaration) is disseminated to internal and external stakeholders, e.g. through publication on the intranet or on our corporate website. Those who are centrally responsible for implementing the Social Charter are informed and trained separately.

Sant'Agata Bolognese, November 23<sup>rd</sup>, 2021

**Stephan Winkelmann**  
Chairman & Chief Executive Officer



**Umberto Tossini**  
Chief Human Capital Officer



<sup>1</sup> See "Declaration by the Volkswagen Group on social rights, industrial relations and business and human rights," p. 4.

<sup>2</sup> [Lamborghini Code of Ethics is published at the internet page www.lamborghini.com as well as the Code of Conduct for Business Partners.](http://www.lamborghini.com)

<sup>3</sup> <https://www.audi.com/en/company/sustainability/s-rating.html>

<sup>4</sup> [Audi Whistleblowing System.](#)