

VOLKSWAGEN

AKTIENGESELLSCHAFT

UN Global Compact Communication on Progress 2008 Statement of Continuing Support

The Global Compact is the largest and most important alliance for responsible company management in the world. 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. Six 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.



Dr. Gerhard Prätorius
Director of CSR Coordination and Sustainability
December 2008

UN Global Compact Principles

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

GRI indicators: HR1, HR2

Policies: [Group Values](#), [Group guiding Principles on Sustainability](#), [Declaration on Social Rights and industrial Relations \(= Social Charter\)](#), [Co-Operative Conduct at the Workplace](#)

Progress:

- Management and Works Council at Volkswagen have renewed a company agreement on partnership in the workplace. A booklet with the same content has been published and large numbers have been distributed throughout the company.
- The HIV Team at VW of South Africa took over complete management of the Aids Care workplace programme from GTZ. Following this, further employees had themselves tested for the HI virus. By now, almost the entire workforce has been tested. The rates of cure for tuberculosis have been increased whilst it has been possible to reduce the AIDS fatality rates. Local suppliers

supported Volkswagen in setting up their own Aids Care programmes. Volkswagen continues to work actively in the Global Coalition on HIV and Aids.

- As part of the "Establishing a Health and Safety Culture" project completed and evaluated in 2008 (with the ILO and GTZ), joint standards for health & safety and health protection were established in Brazil, Mexico and South Africa. Multi-stage special audits were carried out at 29 VW suppliers, accompanied by carefully prepared team-building workshops with the involvement of VW experts and representatives of the national labour inspectorates.

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

GRI indicator: HR2

Policies: [Group values](#), [Social Charter](#), [Sustainability in Supplier Relations](#):

- Volkswagen works with suppliers that share its own sustainability requirements. Partners of Volkswagen AG have provided evidence that they conduct their business in line with human rights. An ad-hoc team of experts for investigating problem cases has taken up its work.
- The AutoUniversity of Volkswagen AG undertook a series of workshops into "aspects of supplier integration".
- The 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 Social Charter.
- A consultant from the Corporate Responsibility Office took part in human rights coaching.

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](#), [Sustainability in Supplier Relations](#)

Progress:

- Volkswagen cooperates extensively with recognised independent unions on the basis of developed communication and consultation relationships.
- 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 2008.

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

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

Progress:

- 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 which contain arrangements for the labour contract to be terminated.
- Volkswagen works together with suppliers which share the company's concept of sustainability. The expectations on suppliers expressly include 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](#), [Sustainability in Supplier Relations](#)

Progress:

- Volkswagen works together with suppliers which share the company's concept of sustainability. The expectations on suppliers 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: LA10, LA11

Policies: [Social Charter](#), [Sustainability in Supplier Relations](#), [Co-Operative Conduct at the Workplace](#)

Progress:

- 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.

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

Progress:

- The preventative approach of VW's environmental policy was worked out at a Group environmental conference attended by environmental managers from all over the world held in Wolfsburg in mid-2008, and further reinforced at a regional conference in China; new common goals were worked out. 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.
- Volkswagen instigated a biodiversity policy and published a mission statement to this effect. ([link to p:news 2/08](#))
- Volkswagen joined the Business and Biodiversity Initiative of the German Federal Government and supported the 9th UN Conference on Biological Diversity in Bonn in a wide variety of ways. ([link to p:news 2/08](#))
- Volkswagen played an active part in political consultation in Germany and in the European Union for the sustainability certification of biofuels.

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

GRI indicators: EN1, EN3, EN5, EN7, EN8, 1.1

Policies: [Group values](#), [Group guiding Principles on Sustainability](#), [Environmental Group Principles](#)

Progress:

- Environmental action plans were decided at the Volkswagen sites in Mexico and China, with specific targets and measures.
- Scientific reports into the effects of business activity on biodiversity were prepared for all German sites.
- In 2008, the Volkswagen brand awarded its fifth in-house environmental prize. This honours environmental commitment shown independently by employees in their sphere of work.
- The "[Clever Driving](#)" campaign with NABU, the largest natural protection organisation in Germany, was continued and expanded. This involved conducting 20 fuel saving training courses free of charge.
- At the largest industry show in Hanover, Volkswagen presented the "Automotive Life Cycle" communication concept to customers, partners and the general public to promote its corporate and product strategy that is directed towards efficient use of resources, climate compatibility and recyclability.
- As an indication of its commitment to improved air and water quality, Shanghai Volkswagen implemented the Olympic Heart Forest Plan that was first started in 2007. This involved the company paying for one tree to be planted for every vehicle sold.

- VW Group China cooperated with the environmental authorities of the Chinese state in the Green Future Environmental Educational Initiative (GFEEI) that was started in April 2007. This involved experienced "fast-breeders" being sent out to schools in order to increase children's and young people's awareness for environmental protection concerns. The most important building blocks in the GFEEI campaign are a "Green Library", "Green School Lessons" and the "Cub Reporter".

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

GRI indicator: EN18

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 should consume 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.
- With the 7-speed direct shift gearbox, Volkswagen has launched a new version of this transmission system developed by the company itself, which permits a further significant reduction in fuel consumption.
- In the USA, Volkswagen started marketing Clean TDI vehicles fitted with the latest catalytic converter technology to reduce particulate and nitrous oxide emissions to such an extent as to meet the strictest demands of the US market.
- Volkswagen set the pace in various initiatives and partnerships with the objective of bringing the development of environmentally and climate-friendly powertrain and fuel technology to market readiness. This included active participation in CHOREN (SunFuel), the IOGEN Cooperation, the Alliance for Synthetic Fuels in Europe (ASFE) and the WSCSD.
- Volkswagen took the lead in an "electric vehicle fleet trial" sponsored by the German Federal Ministry of the Environment, together with additional industrial and scientific partners. A Golf Twin Drive concept car was used as the test bed.

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

GRI indicator: SO2

Policies: [Organisation Instruction "Avoiding conflicts of Interest and Corruption"](#)

Progress:

- The organisation instruction for avoidance of conflicts of interest and corruption gives teeth to initiatives such as the "Rules of Conduct to Combat Extortion and Bribery" of the International Chamber of Commerce or the anti-corruption provisions of the revised OECD guidelines for multinational companies.
- The Volkswagen Group is characterised by an open and transparent company culture. The ombudsman system guarantees that all employees are entitled to be whistle-blowers if they suspect infringements might have taken place, without fear of reprisals. The anti-corruption officer and two external ombudsmen also continued their work in 2008.
- The worldwide hotline was expanded to allow the ombudsmen to be contacted not only in German, English, Spanish, Portuguese and Czech, but also in Chinese and Italian.