

Volkswagen Group: Fourth Responsible Raw Materials Report published

“Responsible procurement of raw materials is part of our holistic sustainability strategy. Since 2021, we have consequently reported publicly and voluntarily on the Group-wide measures for mitigating human rights and environmental risks in particularly at-risk raw material supply chains in our own report. The focus of that is on our indirect suppliers in upstream supply chains – in other words, where the challenges are greatest. We identify, assess and address risks through our Responsible Raw Materials Management System, currently covering 18 priority raw materials and their respective supply chains. We document our results every year, highlighting both progress and challenges, with the Responsible Raw Materials Report. That is our contribution to greater transparency and sustainable supply chains.”

Dirk Große-Loheide, Member of the Board of Management of the Volkswagen Brand responsible for Procurement and Member of the Extended Executive Committee.



Highlights

For transparency and risk mitigation in the raw materials supply chain: continuity in reporting.

The Volkswagen Group is publishing its Responsible Raw Materials Report for the fourth time in succession. Since 2021, Volkswagen has summarized risks and challenges as well as progress in sustainable raw material procurement in a voluntary annual report and is seen as a pioneer in the industry in this regard.

Two new priority raw materials added: cotton and magnesium.

Two new priority raw materials have been added to the 16 identified to date. We are expanding the scope to include cotton and magnesium and thus to cover additional risks.

New targets for suppliers: 95% positive sustainability rating by 2040.

As part of the new, holistic sustainability strategy regenerate+, the Volkswagen Group has set itself the goal of improving its suppliers' sustainability rating and environmental performance.

Higher standards in raw materials extraction: IRMA is being rolled out successively.

The Volkswagen Group joined the Initiative for Responsible Mining Assurance (IRMA) in 2022. The initiative defines standards for the sustainable extraction of raw materials. Volkswagen requires suppliers to comply with progressively higher standards.

Stakeholder dialogs continue: Responsible Lithium Partnership in Chile and the Marikana Youth Centre in South Africa.

Volkswagen Group is continuing the multi-stakeholder project in Chile together with GIZ and industry partners. Scania supports the Marikana Youth Centre, a project aimed at enabling a brighter future for children in the platinum mining town of Marikana.

Responsible raw material procurement is part of the holistic sustainability strategy

The report, which has been published since 2021, now covers 18 priority raw materials, including battery materials such as lithium and cobalt. Cotton and magnesium were added as new raw materials last year.

Since 2019, all relevant direct business partners of the Volkswagen Group must undergo a mandatory sustainability rating, in which environmental and social standards are assessed on an equal basis with other sourcing criteria such as costs or quality.

Since 2020, the Volkswagen Group has demanded full disclosure of the supply chain right up to the mining level as part of all new contracts relating to battery raw materials.

As part of the new, holistic regenerate+ sustainability strategy, the Volkswagen Group has set a target for 95% of suppliers to have a positive sustainability rating by 2040.

The Volkswagen Group's supplier network comprises 63,000 supplier locations in 96 countries. A Group-wide network of 110 sustainability experts not only ensures cooperation with suppliers and business partners on the ground, but also share information and knowledge directly between the Group brands and regions.

The common goal of the collaboration is to increase the traceability of raw materials and establish joint initiatives to develop higher standards and due diligence approaches.

Further highlights in 2023

IRMA

The Initiative for Responsible Mining Assurance sets strict global standards for the implementation of better and more sustainable conditions in industrial mining.

Leather Working Group

In 2023, the Volkswagen Group joined the Leather Working Group (LWG). Porsche is in charge of coordinating sustainable leather procurement for the Group.

Responsible Mica Initiative

Porsche is committed to the sustainable extraction of mica as part of the Responsible Mica pilot project in Madagascar. The project aims to establish transparent, responsible mica supply chains.

Global Platform for Sustainable Natural Rubber (GPSNR)

The Volkswagen Group is committed to sustainable natural rubber extraction and is involved in support projects: Smallholders are offered training in order to improve their living conditions.

Aluminium Stewardship Initiative (ASI)

Under Audi's leadership, ASI requirements were incorporated into contractual documents and rolled out across the Group.

Mesa Multiactor

In 2023, 11 workshops were held with relevant local players in Chile on the issue of water in relation to lithium mining. The multi-year GIZ project analyzes challenges and identifies solution approaches.

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About the Volkswagen Group

The Volkswagen Group is one of the world's leading car makers, headquartered in Wolfsburg, Germany. It operates globally, with 114 production facilities in 19 European countries and 10 countries in the Americas, Asia and Africa. With around 684,000 employees worldwide. The Group's vehicles are sold in over 150 countries.

With an unrivalled portfolio of strong global brands, leading technologies at scale, innovative ideas to tap into future profit pools and an entrepreneurial leadership team, the Volkswagen Group is committed to shaping the future of mobility through investments in electric and autonomous driving vehicles, digitalization and sustainability.

In 2023, the total number of vehicles delivered to customers by the Group globally was 9.2 million (2022: 8.3 million). Group sales revenue in 2023 totaled EUR 322.3 billion (2022: EUR 279.1 billion). The operating result before special items in 2023 amounted to EUR 22.6 billion (2022: EUR 22.5 billion).

Volkswagen Aktiengesellschaft

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