

Company Responses to CBS News re: allegations of children mining cobalt in Congo

VOLKSWAGEN

"We have mapped the cobalt supply chain for our relevant suppliers down to the smelter level and found no indication for child labour.

"We are aware of the problems connected with the production of certain raw materials and are therefore taking comprehensive action to ensure the socially and environmentally compatible extraction of raw materials. As the Volkswagen Group does not have any direct business relationships with mining companies in the lithium and cobalt industries, we have included appropriate sustainability requirements in our contracts with our 40,000 suppliers around the world.

"In a further step in December 2017, the Volkswagen Group extended its corporate raw material purchasing guideline to provide its suppliers throughout the world with even more precise and more stringent rules. In addition to the previous requirements such as compliance with clearly defined working condition, environmental and safety standards as well as human rights, the guideline now explicitly forbids all forms of child labor and forced labor in the extraction of raw materials such as cobalt and mica.

"We take all reports of infringements of our sustainability requirements seriously and investigate them directly and consistently. In specific terms, this means that we immediately request the supplier concerned to provide a response. If suspicions are confirmed, the supplier is requested to submit to Volkswagen a plan of action to remedy the problem. We comprehensively review and monitor the implementation of these measures, for example by site visits and/or third party CSR audits.

"In addition, we carry out sustainability qualification procedures for our suppliers and provide training.

"Furthermore, we engage in various initiatives and support respect for human and environmental rights in the supply chain together with our partners.

"For example, within the framework of the Responsible Minerals Initiative (RMI), Volkswagen is working on approaches for the certification of cobalt smelting plants in order to be able to trace the extraction conditions and origins of its battery materials.

"Volkswagen is also a member of the Global Battery Alliance of the World Economic Forum. This alliance of public and private partners such as OECD and UNICEF aims to ensure the social and environmental compatibility of the value stream for battery raw materials. The alliance focuses not only on cobalt but also on other raw materials such as lithium.

"In February 2017, the Drive Sustainability Working Group of 10 global automakers launched an initiative on raw materials with sustainability risks. The objective is to ensure compliance with

sustainability standards in the raw material supply chain. In the case of components containing potentially critical minerals, the suppliers concerned must identify their smelting plants and confirm that they comply with environmental and social standards.

"I have also attached a press release which we have published in December and a link to an interview with our Board member for purchasing, Dr. Garcia Sanz, both on the topic of sustainable e-raw material sourcing."

<http://www.volkswagenag.com/en/news/stories/2017/12/interview-with-garcia-sanz-on-e-raw-materials.html>