



# DRIVE SUSTAINABILITY

## The Automotive Partnership

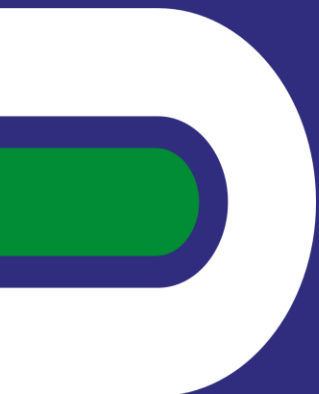
**drive**  
sustainability

Date: 12-13th of June, 2019.

Place: Deloitte Office Q22, al. Jana Pawla II 22, Warsaw, 14th floor, rooms A, B, C

# SUPPLY CHAIN SUSTAINABILITY

Training for automotive suppliers



drive  
sustainability

# TRAINING CONTEXT

## *Who is who*



BMW Group, Daimler AG, Honda, Jaguar Land Rover, Scania CV AB, Toyota Motor Europe, Volkswagen Group, Ford, Volvo Cars and Volvo Group joined forces to launch 'Drive Sustainability - The Automotive Partnership'. The Original Equipment Manufacturers (OEMs) are defining the Guiding Principles and the content of the supplier sustainability training.



CSR Europe is a platform for businesses looking to enhance sustainable growth and positively contribute to society with 44 corporate and 41 national CSR members.

CSR Europe is coordinating and facilitating the Drive Sustainability initiative, the content and the logistics of the supplier sustainability trainings.



Deloitte is a network of firms employing 245,000 people in 150 countries providing audit, tax, legal, financial advisory, risk advisory, and consulting services.

Deloitte teamed up with CSR Europe to facilitate the supplier sustainability trainings in several countries.

# ANTI-TRUST

Regarding your company's and/or your competitors' product and services, **it is forbidden:**

- To discuss current or future prices or supply conditions.
- To discuss any increase or decrease in price or change of supply conditions.
- To discuss pricing procedures.
- To discuss standardizing or stabilizing prices or supply conditions.
- To discuss current or future demand.
- To ask competitors why a previous bid was so low, or to describe the basis for a previous bid.
- To discuss profit levels.
- To discuss controlling sales or allocating markets for any product.
- To discuss future design or marketing strategies.
- To discuss credit terms.
- To discuss banning or otherwise restricting legitimate advertising by competitors.
- To discuss allocating customers.
- To discuss volumes.
- To discuss any other subject likely to restrict competition.

Regarding your company's and/or your competitors' selection of their supplier companies, **it is in particular forbidden:**

- To disclose or discuss the identity of suppliers if this identity is a competitively sensitive information.
- To discuss any boycotting of a company because of its pricing or distribution practices.
- To discuss strategies or plans to award business or remove business from a specific company.
- To discuss prices, margins, payment terms, volumes, markets, customers or marketing strategies of suppliers with competitors.

Regarding your company's and/or competitors' trade secrets, **it is forbidden:**

- To discuss trade secrets or confidential information of your company or any other member

# CHATHAM HOUSE RULES

*Please also keep in mind*

- Participants attending the training **may discuss the details** of the discussion in the **outside world**, but **may not discuss who attended or identify what a specific individual said**
- Provides anonymity to speakers and encourages sharing of information;
- Used throughout the world;
- Allows people to speak as individuals, and to express views that may not be those of their organizations;
- Encourages free discussion

# AGENDA

## *Working & leaning together*

09:00 – 10:00	<b>General Introduction</b> <ul style="list-style-type: none"><li>• What is Sustainability?</li><li>• Drive Sustainability</li><li>• The local context vs global context</li></ul>
10:00 – 10:15	Coffee break
Participants form 2 groups	<b>Group A: Business Ethics &amp; Social Sustainability</b> <b>Group B: Environment and Health &amp; Safety</b>
10:15 – 10:45	<b>Introduction Break-out session</b>
10:45 – 12:15	Improvement plan exercise: Identifying key local challenges
12:15 – 12:45	<b>Improvement plan exercise: Root causes and actions</b>
12:45 – 13:30	Lunch
13:30 – 15:15	<b>Improvement plan exercise: Root causes and actions (cont.)</b>
15:15 – 15:30	Coffee break
15:30 – 16:30	Improvement plan exercise: Budget, responsibilities and timeline
Participants regroup	
16:40 – 17:00	<b>Closing</b>

# TODAY: WHAT IS IT ABOUT?

## *Is about*



- Drive Sustainability & the automotive industry
- Common group expectations / position
- Common tools & activities
  - SAQ,
  - Trainings,
  - Local networks

## **Finding solutions**

- Getting new ideas for improvements
- Learn from your peers
- **Working for your company improvement plan**

## *Is NOT about*



- Individual OEMs
- Individual OEM/ buyer expectations
- Individual OEM actions
- Potential future common actions

## **Ticking a box**

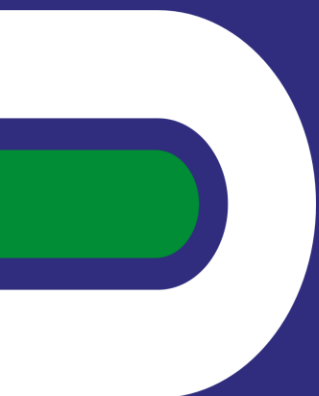
- Passing an audit
- Getting a diploma

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# WHAT IS SUSTAINABILITY?

And why does it matter?



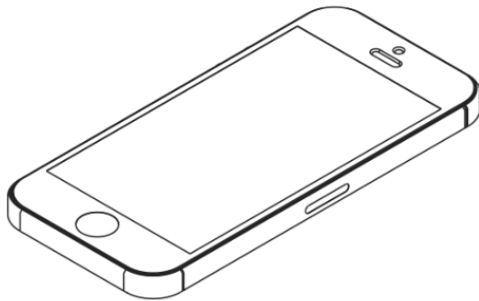
drive  
sustainability



# POLLING EXERCISE

## *Why does sustainability matter?*

Go to [www.menti.com](http://www.menti.com) and use the code **63 10 16**



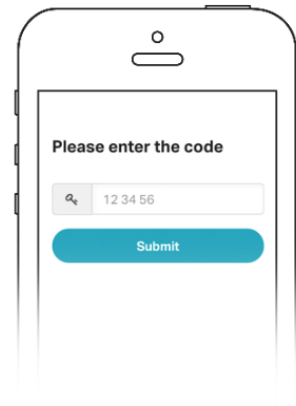
1

Grab your phone

[www.menti.com](http://www.menti.com)

2

Go to [www.menti.com](http://www.menti.com)



3

Enter the code 63 10 16 and vote!



Health

Safety

# Conflict MINERALS



## BEAUTY AND A BEAST

CHILD LABOUR IN INDIA FOR SPARKLING CARS AND COSMETICS



Align Profit + Purpose



Corporate Learning Pulse  
Unique survey of 600 business across Europe reveals attitudes on investment in people



### SAFE WORKPLACE



### SOUND BUSINESS

WORLD US COMPANIES MARKETS OPINION WORK & CAREERS LIFE & ARTS

Responsible Business

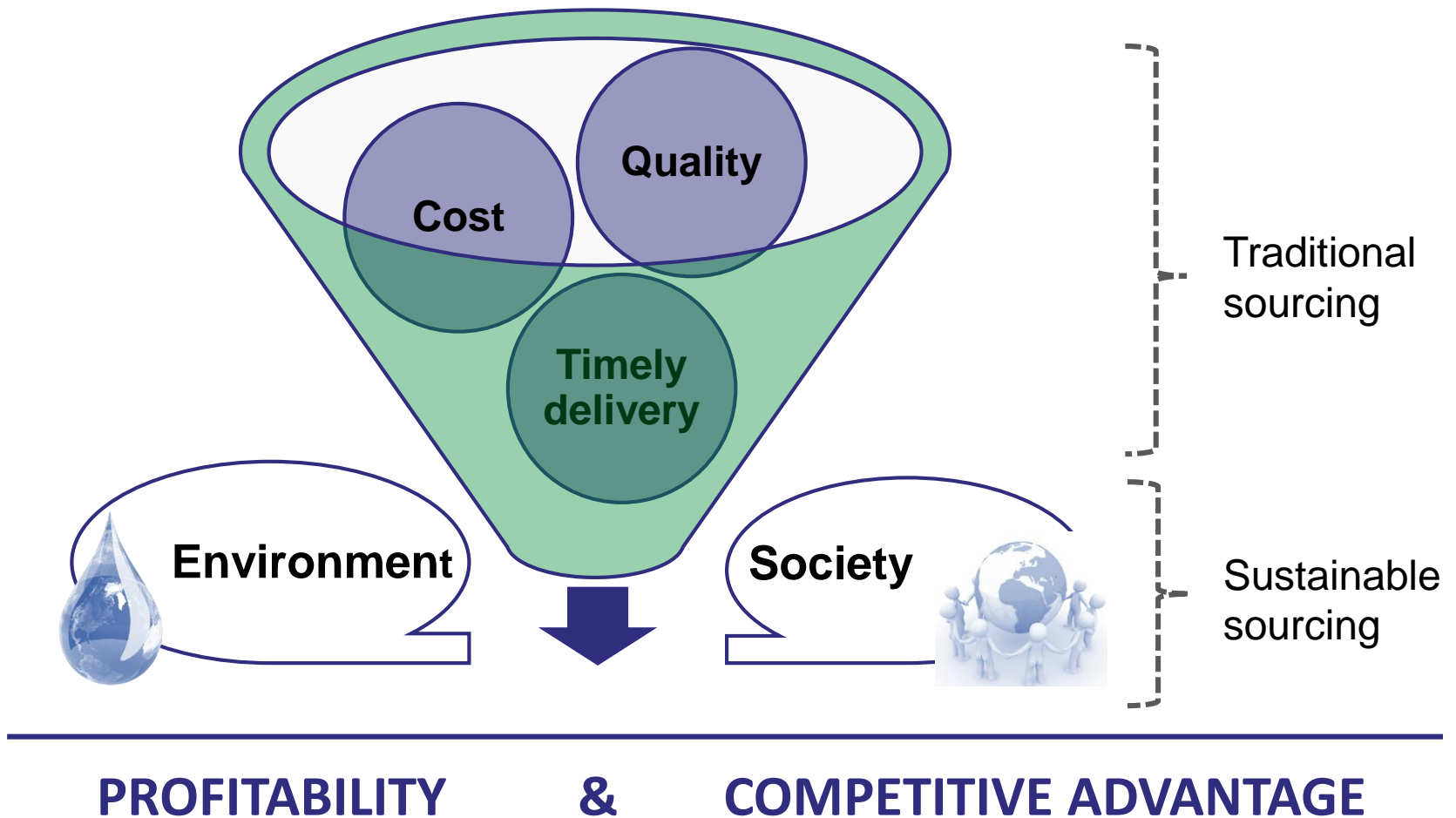
Business in the Community [+ Add to myFT](#)

### The 2017 Responsible Business Awards winners

Companies recognised for fundamentally rethinking social and environmental impact

# THE BUSINESS CHALLENGE

*...meeting the expectations of sustainable sourcing*



# INCREASED EXPECTATIONS AND MONITORING



Commit to full due diligence of supply chain



Enhance transparency of entire supply chain



Environmental impact & circular models



Respect for human rights



Ensure decent working conditions



Implement safeguards for privacy and other rights



# THE RISKS

*The consequences of ignoring expectations*

*Failure to meet ...*

*... may cause*

**Ignorance of CSR risks**



**Buyer expectations**

**Government expectations**

**Public expectations**

**Quality standards**

**Reputational damage**

**Loss of Business**

# THE OPPORTUNITIES

*Supply chain sustainability is about opportunity!*

**Flextronics Case Study: Zhuhai plant, China**

**FLEXTRONICS®**



Upgrade working and health facilities/policies + set up **closed-loop process** for preventing health & safety risk



**Training programs** to internalize principles of empowerment, dignity and respect



Automate **overtime tracking** system to prevent excessive working hours



**Partner with community resources** to provide employee assistance programs and other support services



Form a **management council** to regularly monitor and evaluate CSR performance



# THE OPPORTUNITIES

*Supply chain sustainability is about opportunity!*

*Flextronics Case Study: Zhuhai plant, China*

**FLEXTRONICS®**

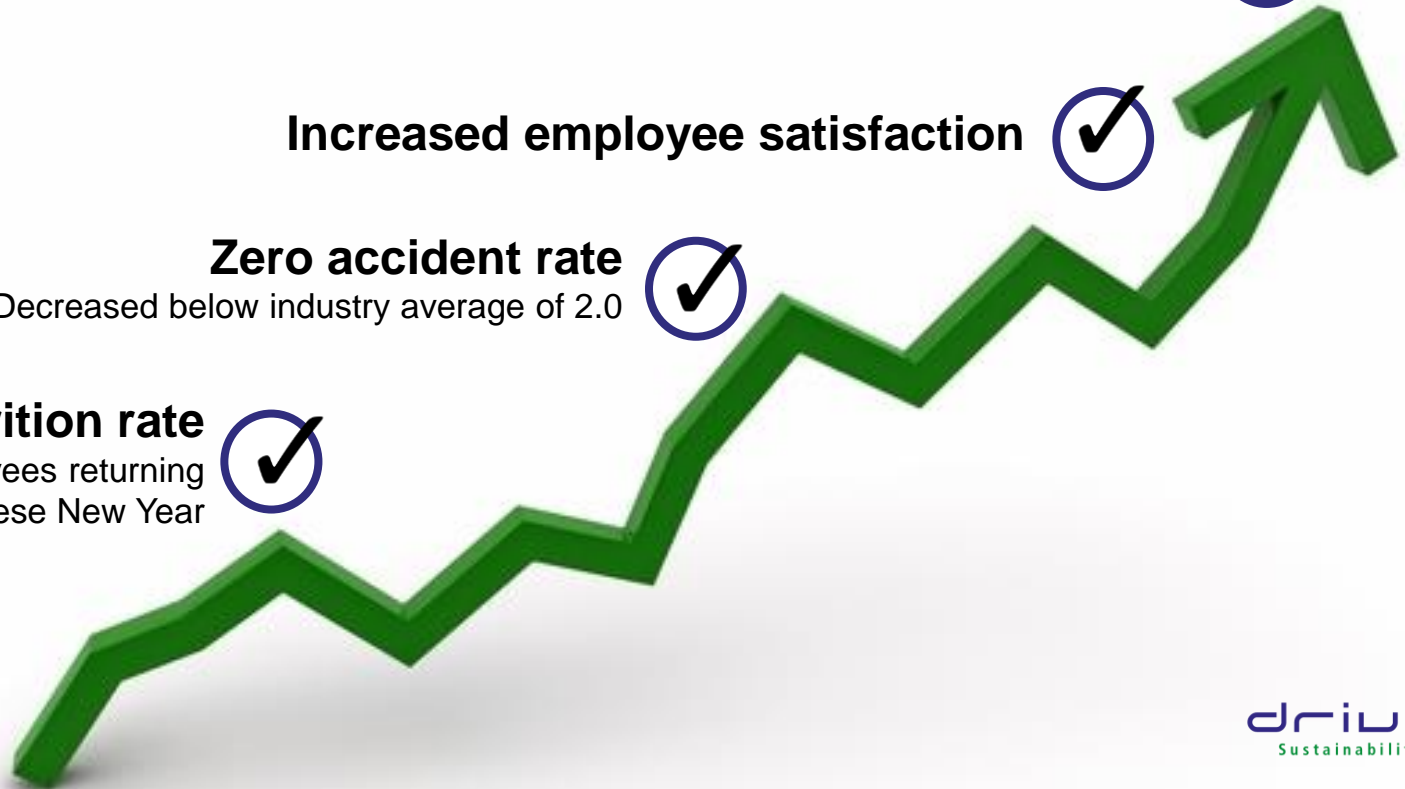


Flextronics awarded by BT ✓

Increased employee satisfaction ✓

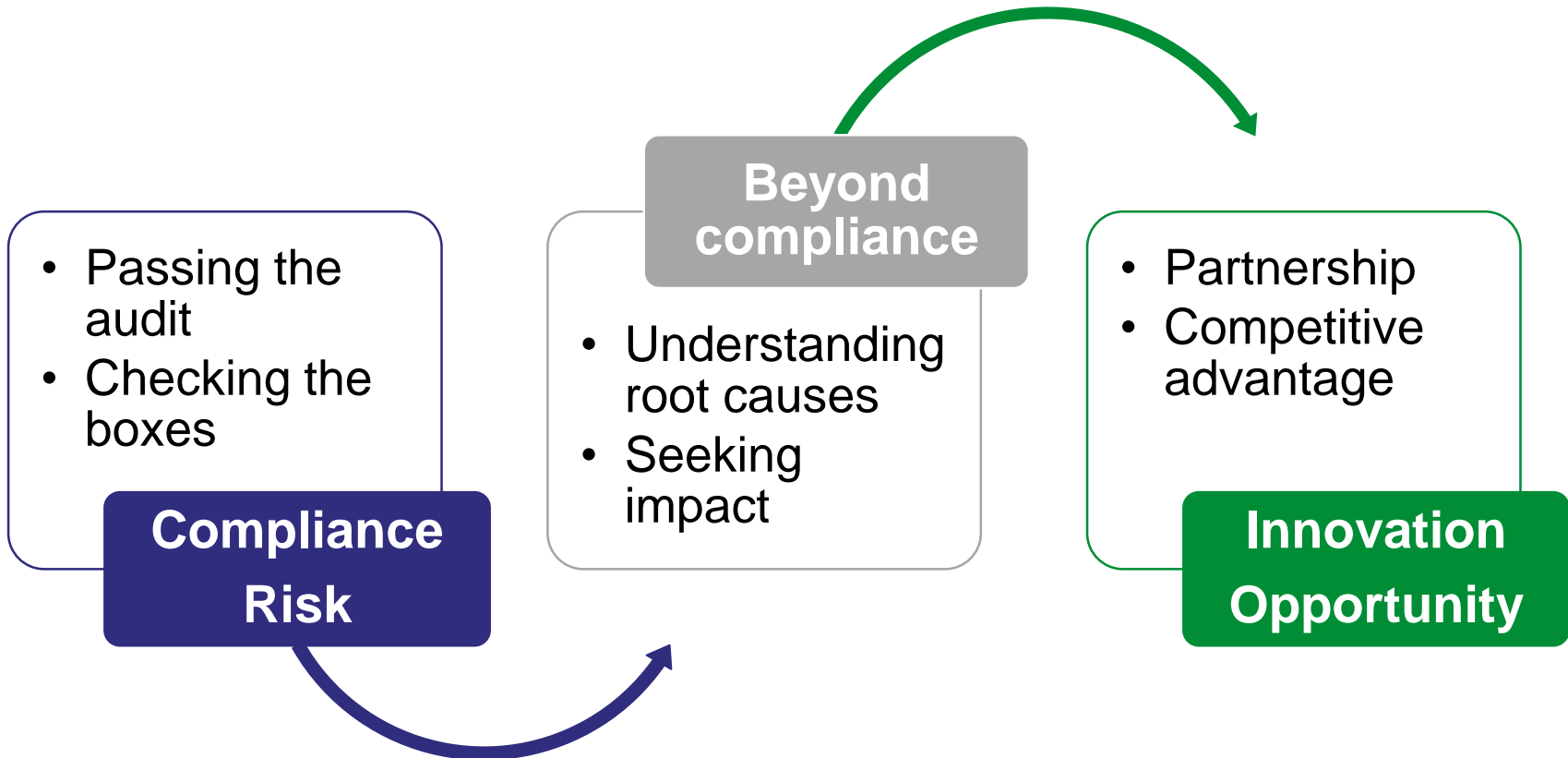
**Zero accident rate**  
Decreased below industry average of 2.0 ✓

**Lower attrition rate**  
high % of employees returning  
after Chinese New Year ✓



# TURNING RISK INTO OPPORTUNITIES

*Mentality shift*





# THE BUSINESS CASE

## Risk

- Prevent supply chain interruption
- Increase traceability and quality
- Enhance long-term reputation

## Efficiency

- Reduce costs and resources
- Reduce environmental footprint
- Raise employee health, productivity

- Supplier-OEM cooperation
- Solutions to new customer demands
- Access new markets

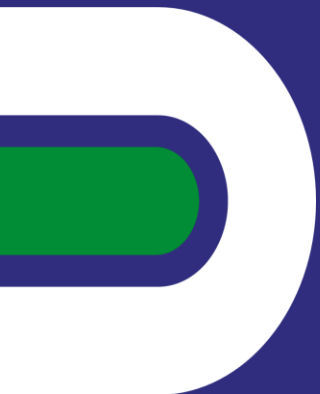
## Innovation

- Culture of responsibility
- Lasting supply chain relationships

## Relationships

# ABOUT DRIVE SUSTAINABILITY

Enhancing sustainability in the automotive industry



drive  
sustainability

# WHO WE ARE

**TOYOTA**

**VOLKSWAGEN**  
AKTIENGESELLSCHAFT



**SCANIA**



**HONDA**

**BMW  
GROUP**

**VOLVO**

Volvo Group

**DAIMLER**



**VOLVO**

# THE AUTOMOTIVE PARTNERSHIP

*Partnership owned by  
the automotive  
companies, facilitated  
by CSR Europe*

*Send a common  
message to the  
supply chains*

*Share experiences and information*

*Develop and apply common  
tools and common projects*

*Share a common  
approach*

*Strict compliance with competition laws*

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# The Automotive Partnership

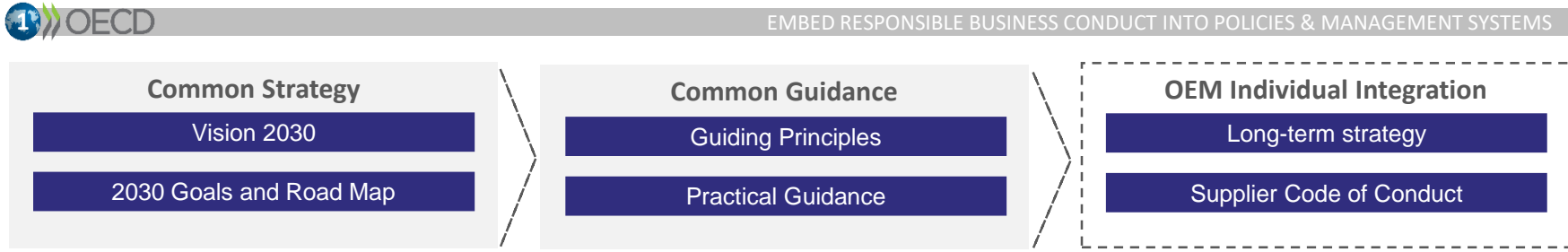


<https://www.youtube.com/watch?v=6k2ZkVehLuM&list=PLKdNkvf8rIok7RXXBRKnBEoLyONDoPLyp>

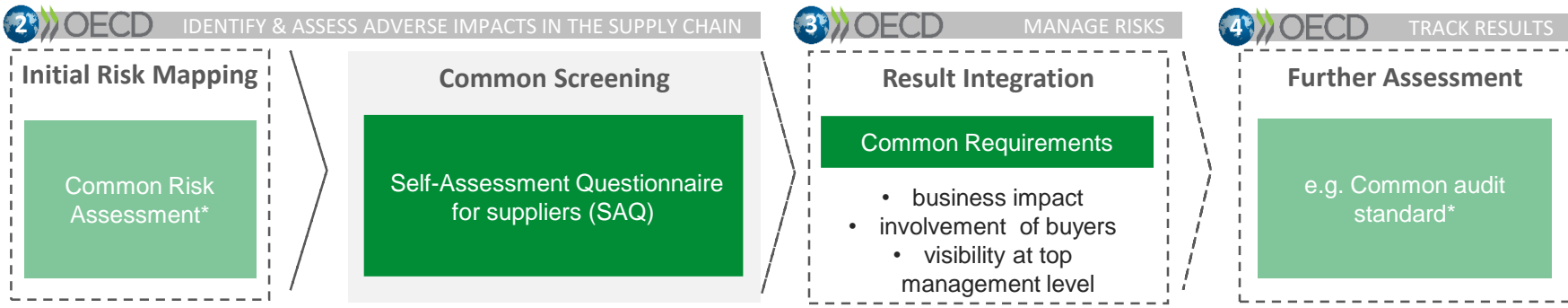


# DRIVE SUSTAINABILITY APPROACH

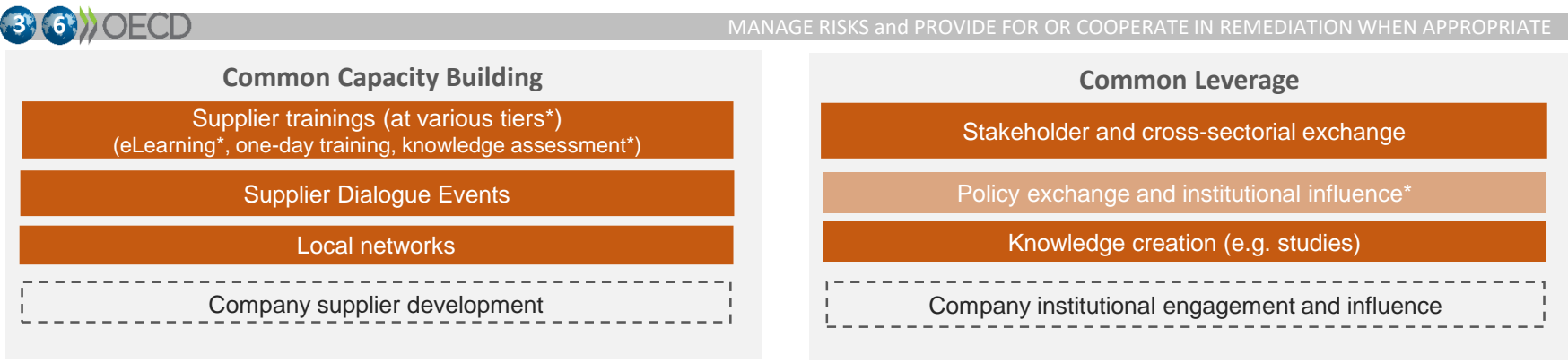
1. Direction



2. Compliance



3. Impact



= Alignment with [OECD Due Diligence Guidance For Responsible Business Conduct Step 1 to 6](#)

----- = currently OEM Individual Activities

\* = Future common activities / under development

# THE GUIDING PRINCIPLES

*A set of common baseline guidelines related to:*

---



Human rights and working conditions



Environmental standards



Business Ethics

- Describe OEMs **common expectations** towards suppliers/sub-suppliers
  - Complemented by OEMs individual set of codes and policies



# THE GUIDING PRINCIPLES

*What do the Guiding Principles cover?*

---



## Human rights and working conditions

- Child Labour
- **Wages and Benefits**
- **Working Hours**
- Forced Labour
- Freedom of Association
- **Health & Safety**
- Harassment
- Non-Discrimination



## Environment

- **Air/Water Quality**
- **Emissions**
- Natural Resources Management
- **Waste Reduction**
- Responsible Chemical Management



## Ethics

- Responsible sourcing
- **Anti-Corruption**
- Privacy
- **Financial responsibility/transparency**
- Fair Competition
- Intellectual Property
- Economic Sanctions



# THE GUIDING PRINCIPLES

*“ We endeavor to achieve excellence, innovation and performance in a sustainable manner. (...)*

*For this reason, we are working together to attain the highest standard in*

*(1) business integrity and in the*

*(2) social and*

*(3) environmental performance of our supply chain”.*

**Success depends on the commitment of our entire global supply chain.**

The screenshot shows the top portion of a document titled "Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain". At the top, there is a row of logos for various automotive manufacturers: BMW GROUP, DAIMLER, FCA, Ford, GM, HONDA, JAGUAR, LAND ROVER, NISSAN, SCANIA, TOYOTA, VOLKSWAGEN, VOLVO, and Volvo Group. Below the logos is a blue header with the title "Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain". The main text begins with a commitment to excellence and sustainability, followed by an introduction to the guidelines. A section titled "Business Ethics" lists several principles: Responsible Sourcing of Materials, Anti-Corruption, Privacy, Financial Responsibility/Accurate Records, Disclosure of Information, Fair Competition/Anti-Trust, Conflicts of Interest, Counterfeit Parts, Intellectual Property, Export Controls and Economic Sanctions, and Protection of Identity and Non-Retaliation. The document is dated 12-6-17.

# THE PRACTICAL GUIDANCE

- Complements Guiding Principles
- Practical explanations and examples
- **How to comply**

**BUT** does not represent the only way

**BMW GROUP** **DAIMLER** **FCA** **Ford** **GM** **HONDA** **JAGUAR** **LAND ROVER**

**NISSAN** **SCANIA** **TOYOTA** **VOLKSWAGEN** **VOLVO**

## Global Automotive Sustainability Practical Guidance

**Background:** The Global Automotive Sustainability Guiding Principles outline the expectations of automotive companies towards suppliers on issues related to sustainability. Based on the Principles- the Global Automotive Sustainability Practical Guidance – outlines a practical explanation of what the automotive companies mean for each expectation and examples of how to comply with the expectations.

**Purpose:** The purpose of this document is to complement the Principles with more information and examples of actions that suppliers could perform in an attempt to improve overall sustainability performance.

This document outlines several examples of how to meet expectations described in the Principles regarding Business Ethics, Working Conditions and Human Rights and Environment. However, this is not a comprehensive collection and does not represent the only way to meet expectations.

**Order of prevalence:** Automotive companies expect suppliers to comply with laws, regulations and with individual standards, codes, policies and contractual arrangements set by individual automotive companies. Furthermore, international expectations, and industry practices can be used for reference.

- If there is no (local) legislation, suppliers shall use as a reference point the company specific standards/policies/codes and contractual arrangement, the industry practices and international frameworks.
- In assuring compliance, suppliers shall always use as a reference point those laws, regulations, practices, international expectations, and company standards/policies/codes that set the highest standards.

### 1. Business Ethics

**Responsible Sourcing of Materials:**

- Companies are expected to conduct due diligence to understand the source of the raw materials used in their products.
- Companies are expected to not knowingly provide products containing raw materials that contribute to human rights abuses, bribery and ethics violations, or negatively impact the environment.
- Companies are expected to use validated conflict free smelters and refiners for procurement of tin, tungsten, tantalum and gold contained in the products they produce.

**Anti-Corruption:**

- Companies are expected to comply with the anti-corruption laws, for example US Foreign Corrupt Practices Act and the U.K. Bribery Act etc. that apply to its operations and those of the countries in which they do business.
- Companies are expected to have a zero-tolerance policy for all forms of bribery, corruption, extortion and embezzlement.
- Companies are expected to prohibit promising, offering, authorizing / authorising, giving, or accepting something of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.

Dated:12.5.2017

# THE PRACTICAL GUIDANCE

## Anti-Corruption:

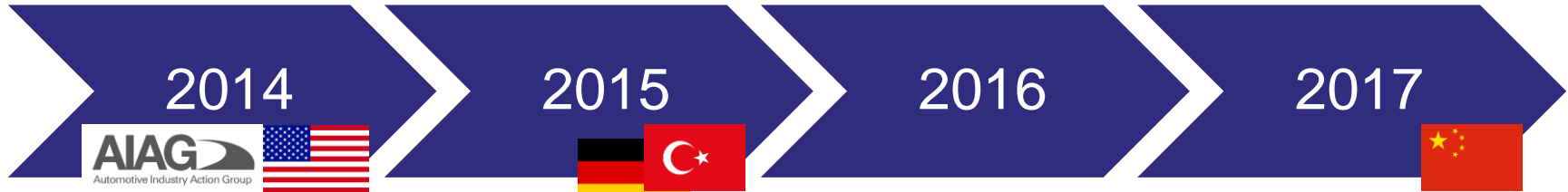
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**Compliance with laws**

**Obligation to comply with highest standards**

**Guiding Principles demand a preventive approach**

# GLOBAL ALIGNMENT



- Alignment of Guiding Principles with Automotive Industry Action Group (AIAG)
- 
- World's Largest Automakers Reach Unprecedented Agreement On Responsibility Expectations For Suppliers
- Wed Mar 26, 2014 8:00am GMT

- German automotive association adopts GPs
- Set up local network in Turkey

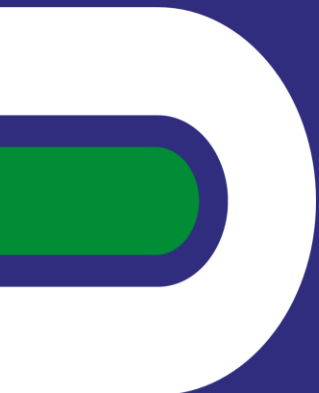
- Start setting-up a local group in China

- Launch of DS local group in China
- Common revision of GPs with AIAG



# GLOBAL VS LOCAL

Sustainability in Poland



drive  
sustainability

# THE GLOBAL CONTEXT

## 2030 TRENDS

Stringent regulation on CO2 emissions

Electrification and innovations in mobility

Pressure on raw materials

Rising concern about CR/S issues from government, civil society, customers

Rising risk and complexity in supply chains

Mounting demand for CR/S data

Growing impact of CR/S to a changing workforce

## VALUE CHAIN IMPACT

### Sustainability Dimension

1. Responsible Sourcing of Raw Materials

2. Supply chain transparency & supplier sustainability

3. Workforce

### Circular Dimension

4. Carbon neutrality

5. Resource efficiency

Raw Materials Input

Parts Manufacturing

Product Manufacturing

Sales & Aftersales

Use

End of use

Recycle

Refurbish/  
Remanufacture

Reuse/  
redistribute

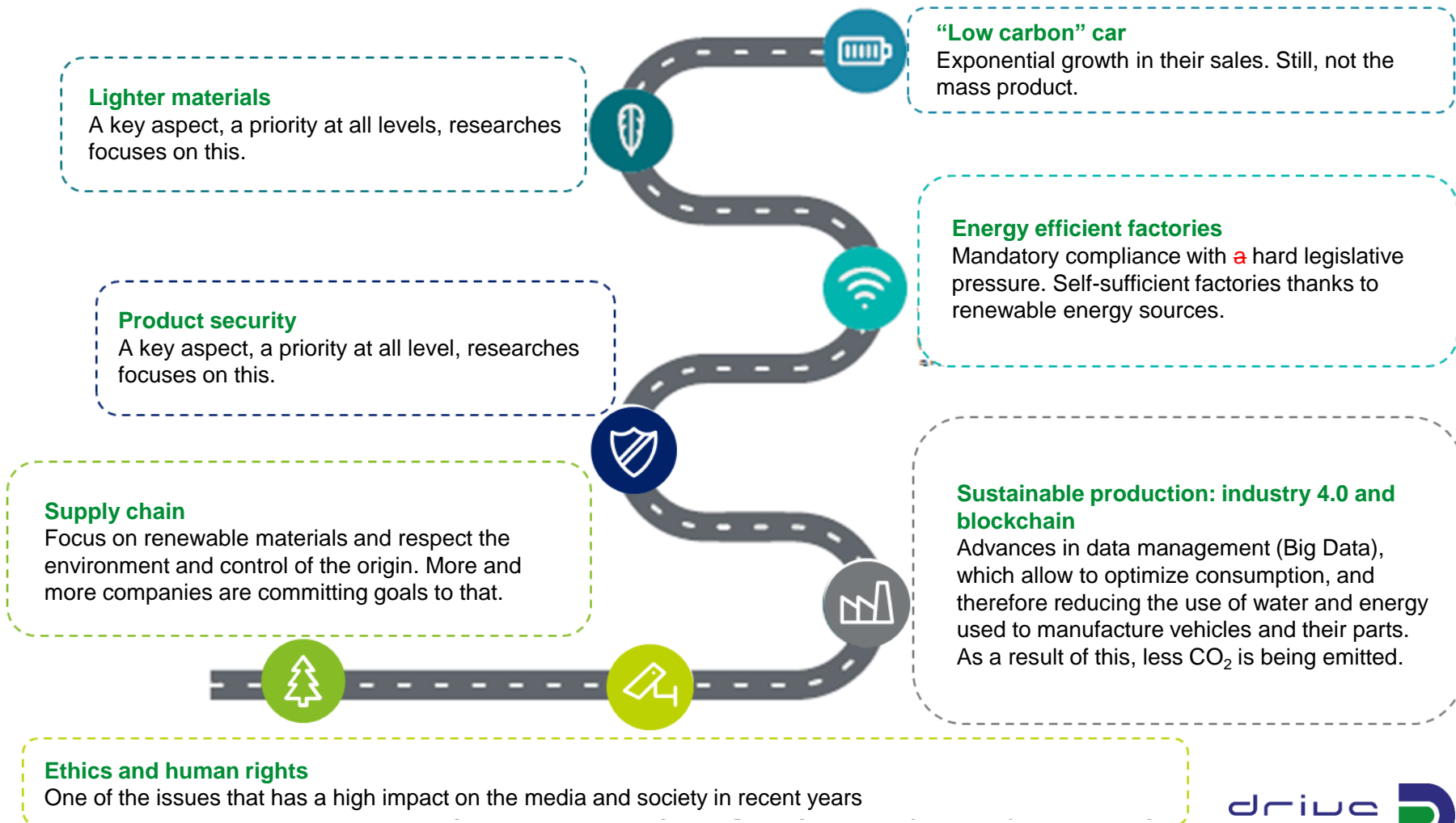
Maintain

## DS 2030 VISION

Endeavor to collaborate with our supply chains to create a sustainable and circular automotive industry

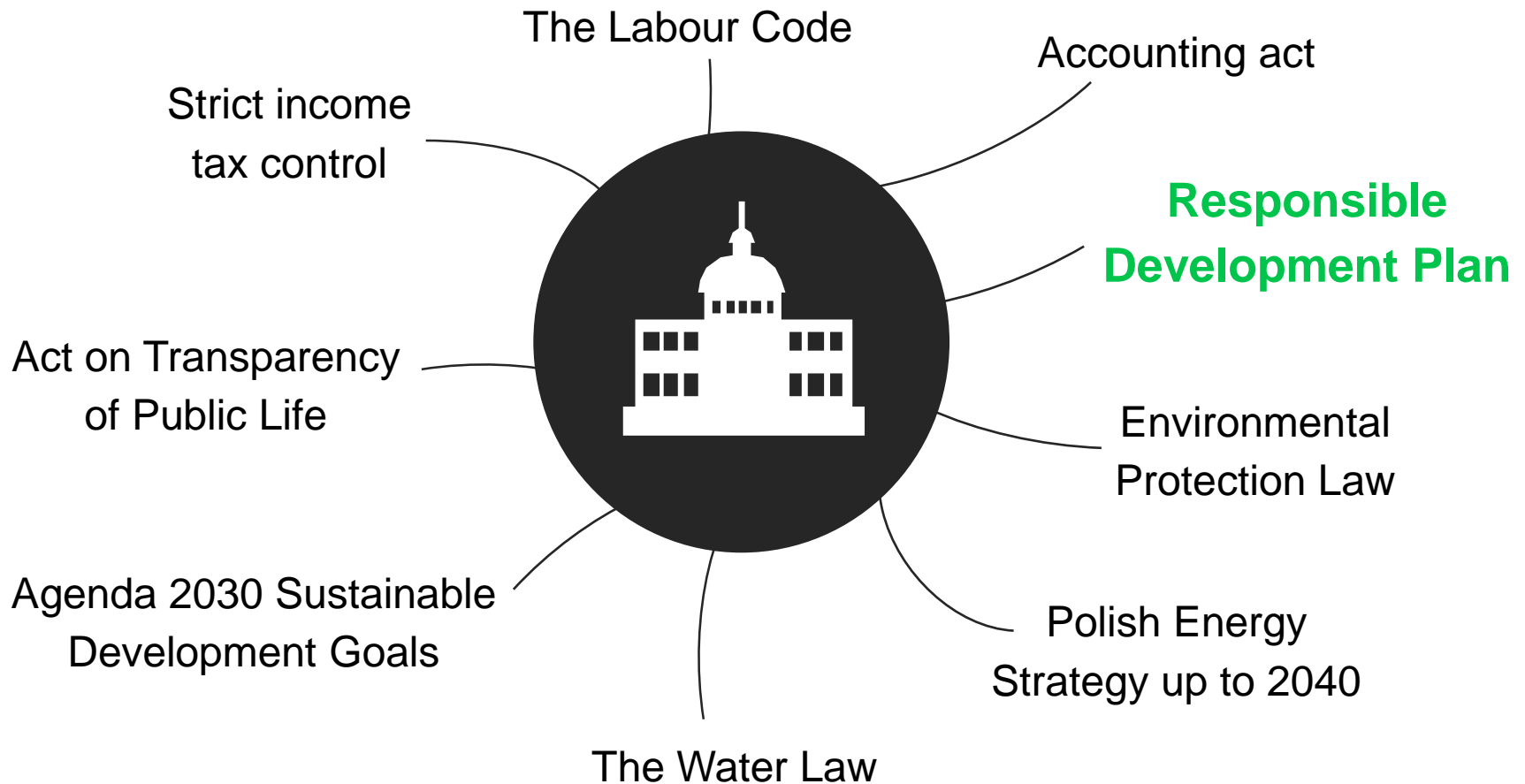
# THE GLOBAL CONTEXT

## Global automotive industry maturity level



# THE LOCAL CONTEXT

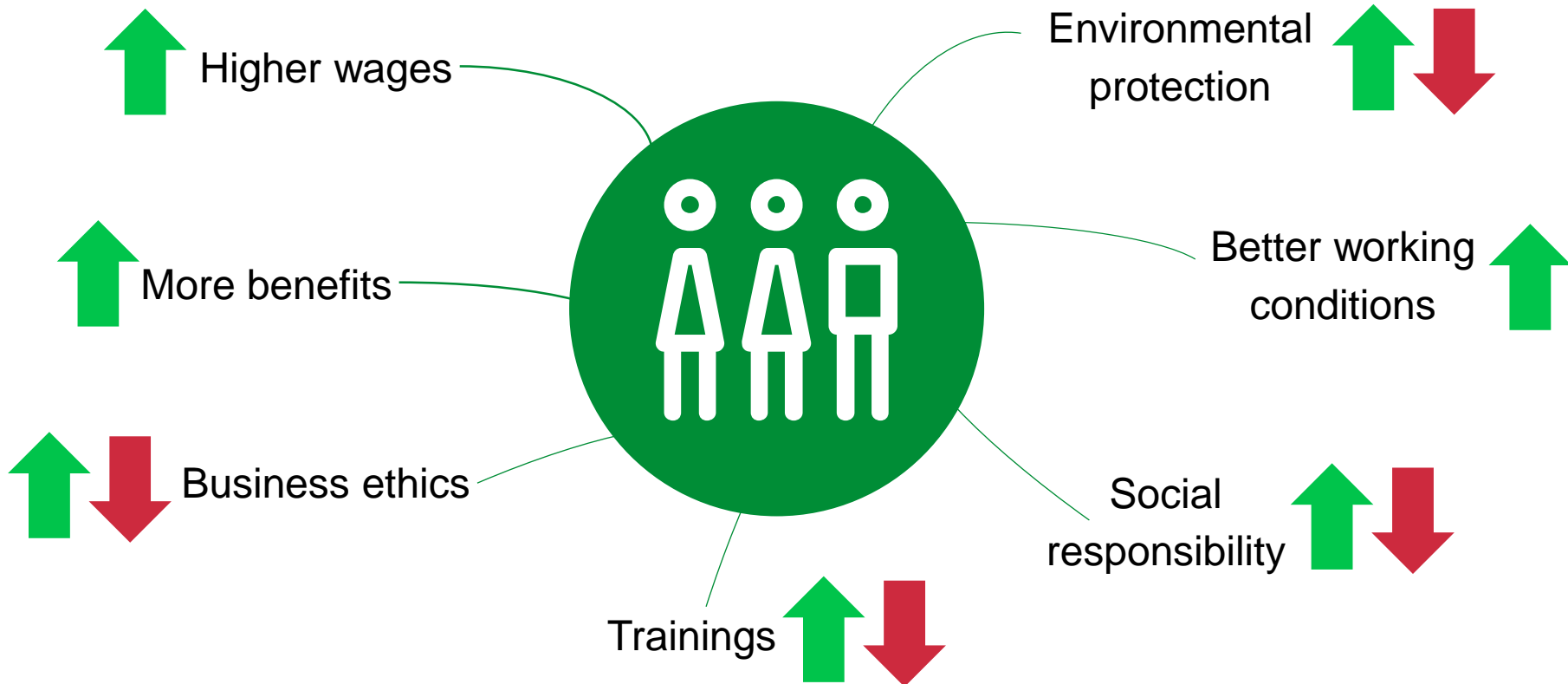
## *Expectations from authorities*





# THE LOCAL CONTEXT

*Expectations from civil society:*



↑ High expectations

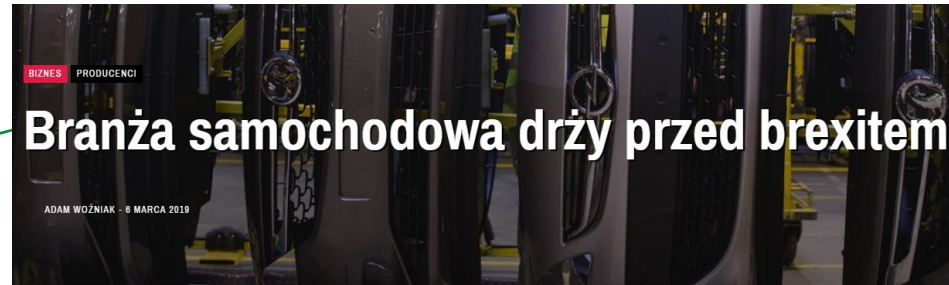
↓ Low expectations

↑ ↓ Medium expectations

# THE LOCAL CONTEXT

## *Expectations from the media*

*The car industry is trembling in the face of Brexit.*



REDAKCJA rp.pl F

Polska jest piątym dostawcą części i komponentów motoryzacyjnych oraz aut do Wielkiej Brytanii. Przy twardym brexicie nasz sektor automotive będzie jednym z najbardziej poszkodowanych.



## **Polskie zakłady motoryzacyjne w czołówce Europy. W kilku aspektach biją nas tylko Węgrzy**



Paweł Bednarz



*Polish automotive plants in the forefront of Europe. In a few aspects only Hungary beats us.*

# THE LOCAL CONTEXT

## *Local sustainability focus topics*

### **Environment**

- Hazardous waste management (batteries, WEEE, oil) and circular economy
- Energy consumption and GHG emissions, air quality
- Chemical management
- Water management

### **Health & Safety**

- Health and safety at workplace

### **Business ethics**

- Anti-corruption
- Supply chain management
- Disclosure of information

### **Human Rights & Working Conditions**

- Wages, benefits and better working conditions
- Migrant workers
- Human capital development

# THE LOCAL CONTEXT

*Automotive industry maturity level to meet these expectations*



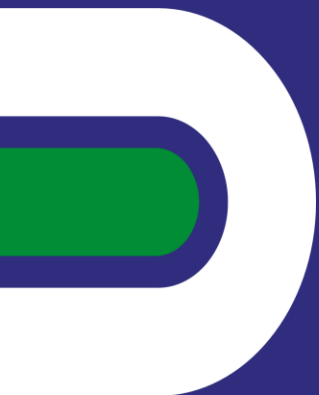
- No sustainability reports
- Some materiality analysis
- Some evaluation and audit to suppliers
- Code of Conduct
- Environmental Policy
- Lack of CSR Policy

**Polish automotive industry maturity level is low-medium**

- Annual Sustainability reports
- Materiality analysis
- Evaluation and audit of suppliers
- Code of Conduct
- Complex Environmental Policy
- CSR Policy

# A CLOSER LOOK

Understanding the topic & biggest challenges



drive  
sustainability

# AGENDA

*Moving on to the next part*

<b>Participants form 2 groups</b>	<b>Group A: Business Ethics &amp; Social Sustainability</b>	<b>Group B: Environment and Health &amp; Safety</b>
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<b>Participants regroup</b>		
<b>16:40 – 17:00</b>	<b>Closing</b>	



# BREAK-OUT SESSIONS

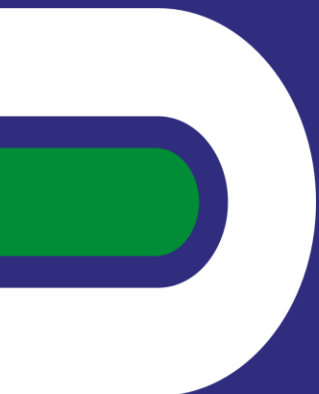


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# CLOSING

Summary and next steps



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# SUMMARY OF THE DAY

## *Findings from group discussion*

- Which key challenges and actions did you identify?
- How do you plan to implement lessons learned in your company?

Any other comments, feedback or reflections from today?

# WHAT'S NEXT?

## *For You...*

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- **Share** improvement plan and new ideas with colleagues
- **Improve** your company's performance based on today's learnings

## *...For Drive Sustainability*

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- **Follow up** email with all materials
- **Improve** future actions based on your feedback

# ADDITIONAL RESOURCES

- Drive Sustainability [website](#)
- AIAG Supply Chain Sustainability [eLearning](#)
- Econsense [Training Video and Handbook: Human Rights in the Supply Chain](#)
- UN Global Compact [website](#)
- Global Reporting Initiative: [About Sustainability Reporting](#)
- GAN Business Anti-Corruption [Portal](#)
- CSR Europe [Webinars](#) and [business tools and practices](#)



# EVALUATION FORM

Please complete & hand it to staff  
to receive your certificate

THANK YOU

drive  
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