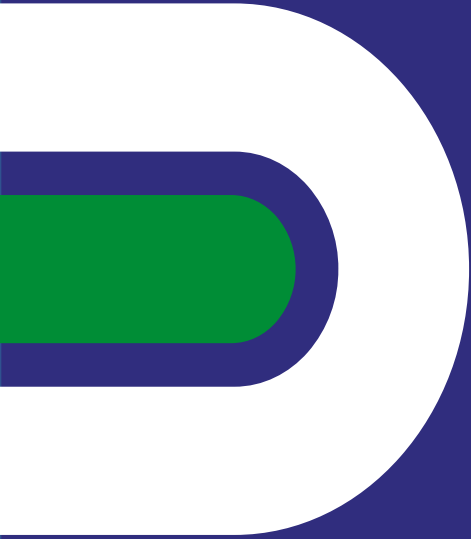


Date: October 21st-23rd; 28th, 2019

Place: Hotel Hilton Garden Inn Angelópolis (Puebla), Hotel Ramada Encore (SLP)



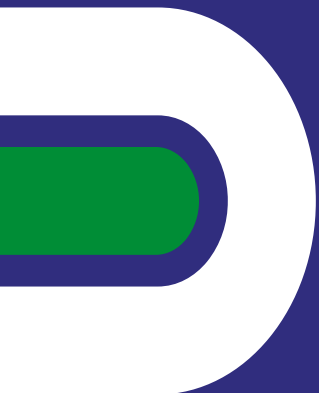
DRIVE SUSTAINABILITY

The Automotive Partnership

drive
sustainability

SUPPLY CHAIN SUSTAINABILITY

Training for automotive suppliers



drive
sustainability

TRAINING CONTEXT

Who is who



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

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

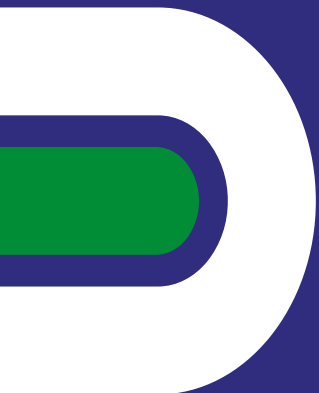
- Passing an audit
- Getting a diploma

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WHAT IS SUSTAINABILITY?

And why does it matter?

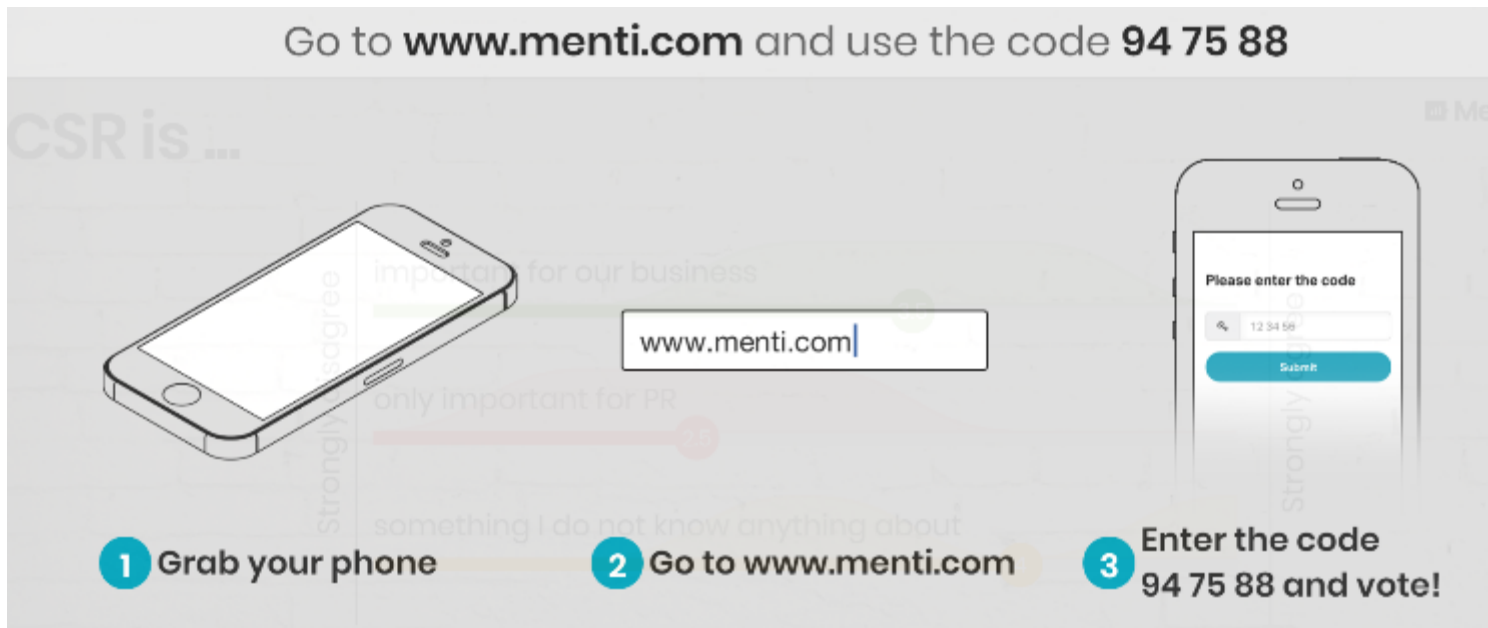


drive
sustainability

POLLING EXERCISE

Why does sustainability matter?

Go to **www.menti.com** and use the code **94 75 88**



The diagram illustrates the process of accessing a Menti poll. It features three numbered steps: 1. Grab your phone, 2. Go to www.menti.com, and 3. Enter the code 94 75 88 and vote!. Step 1 shows a smartphone. Step 2 shows a search bar with 'www.menti.com' entered. Step 3 shows a smartphone screen with the text 'Please enter the code', a search bar containing '12 34 56', and a 'Submit' button. The background of the diagram is a faded Menti poll slide titled 'CSR is ...' with various options like 'Strongly disagree', 'important for our business', 'only important for PR', and 'something I do not know anything about'.

- 1 Grab your phone
- 2 Go to www.menti.com
- 3 Enter the code 94 75 88 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



FINANCIAL TIMES

RESOURCES COMPANIES PARTNERS SPONSOR WORK & CAREERS LIFE & ARTS

Responsible Business

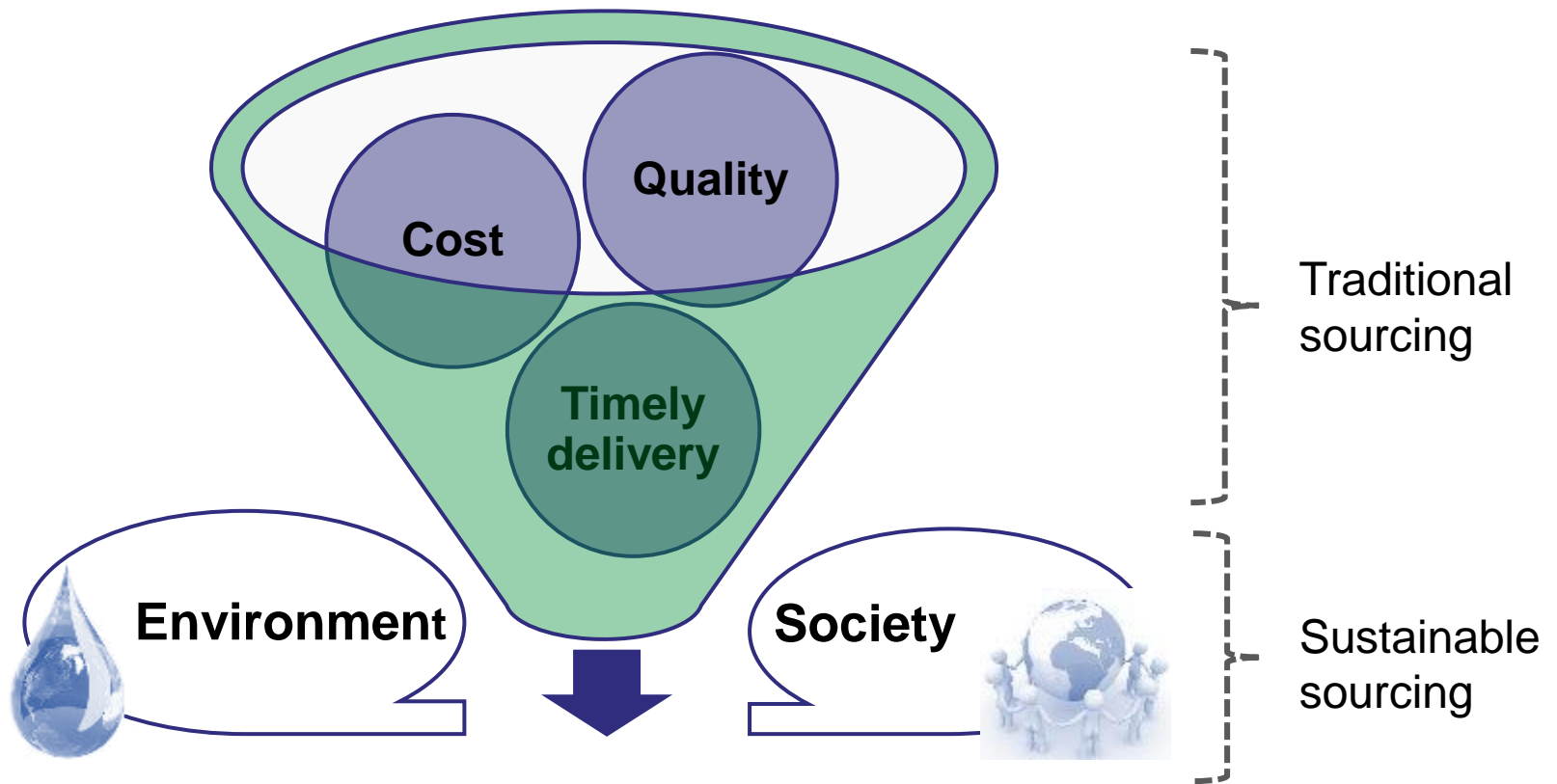
Business in the Community
The 2017 Responsible Business Awards winners

Companies recognised for fundamentally rethinking social and environmental impact



THE BUSINESS CHALLENGE

...meeting the expectations of sustainable sourcing



PROFITABILITY

&

COMPETITIVE ADVANTAGE

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 ✓

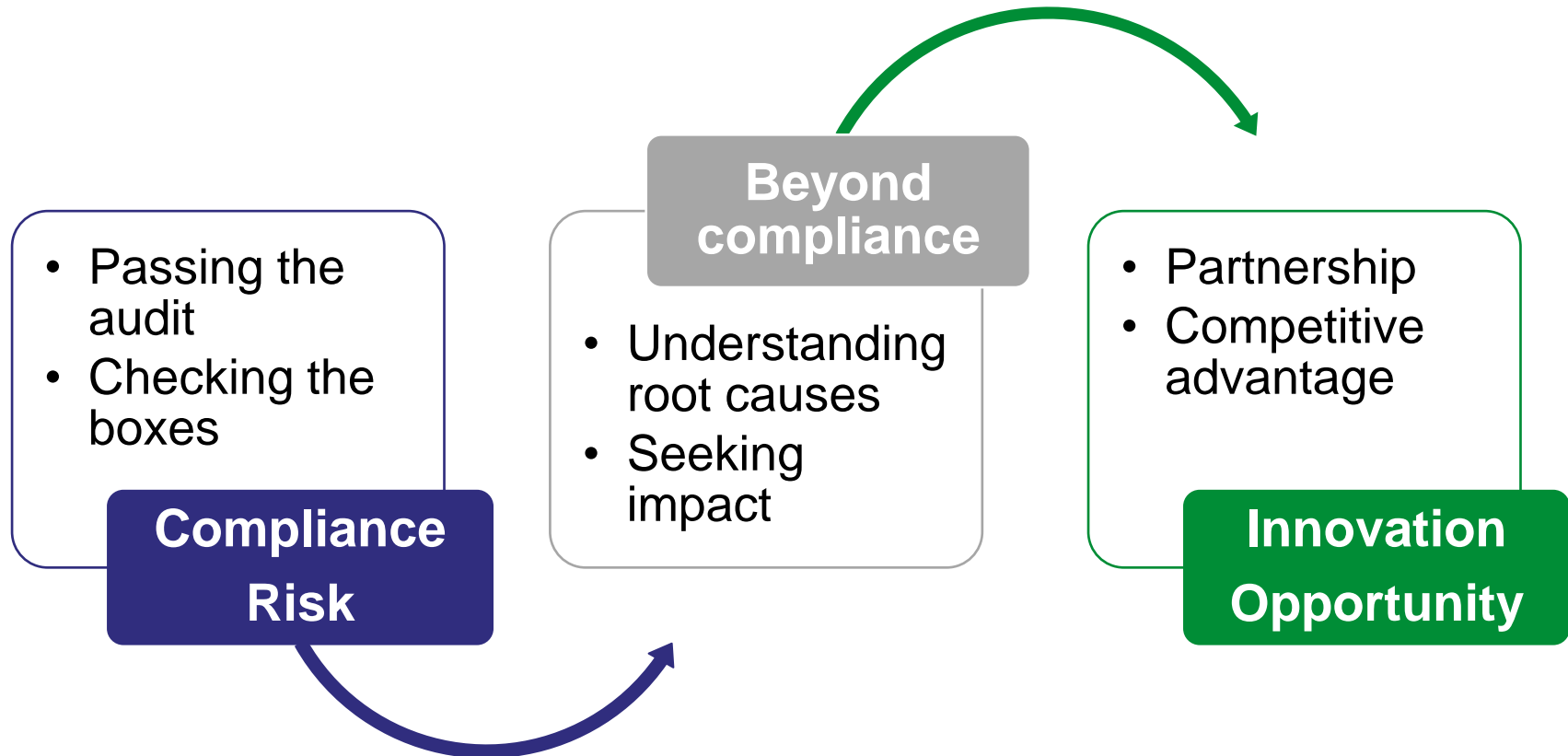


Date: October 21st-23rd; 28th, 2019



TURNING RISK INTO OPPORTUNITIES

Mentality shift



THE BUSINESS CASE

Risk

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

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

Innovation

Efficiency

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

- Culture of responsibility
- Lasting supply chain relationships

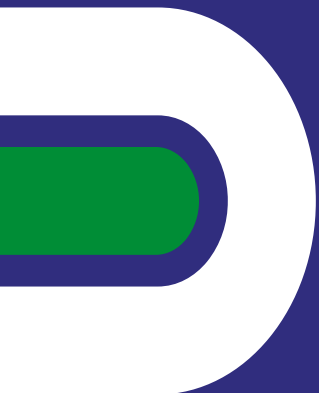
Relationships

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Place: Hotel Hilton Garden Inn Angelópolis (Puebla), Hotel Ramada Encore (SLP)

ABOUT DRIVE SUSTAINABILITY

Enhancing sustainability in the automotive industry



drive
sustainability

WHO WE ARE



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



The Automotive Partnership

Add Video



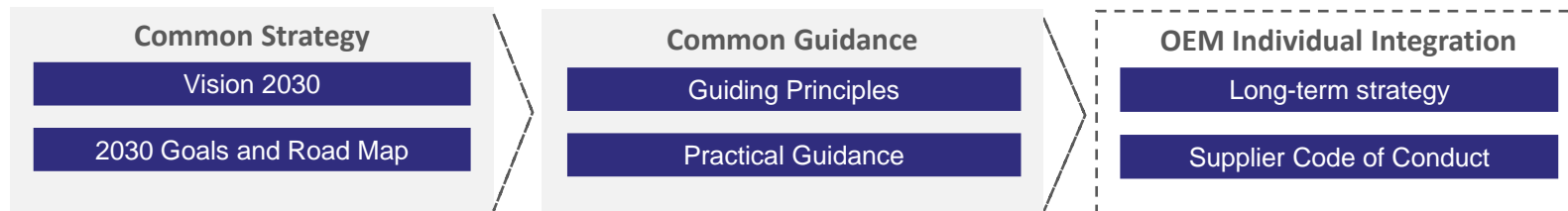
OUR APPROACH

DRIVE SUSTAINABILITY APPROACH



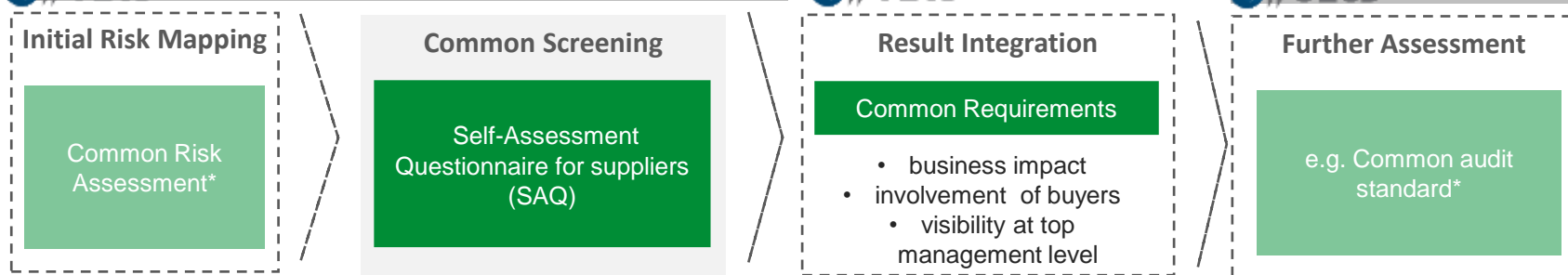
1. Direction

1 OECD EMBED RESPONSIBLE BUSINESS CONDUCT INTO POLICIES & MANAGEMENT SYSTEMS



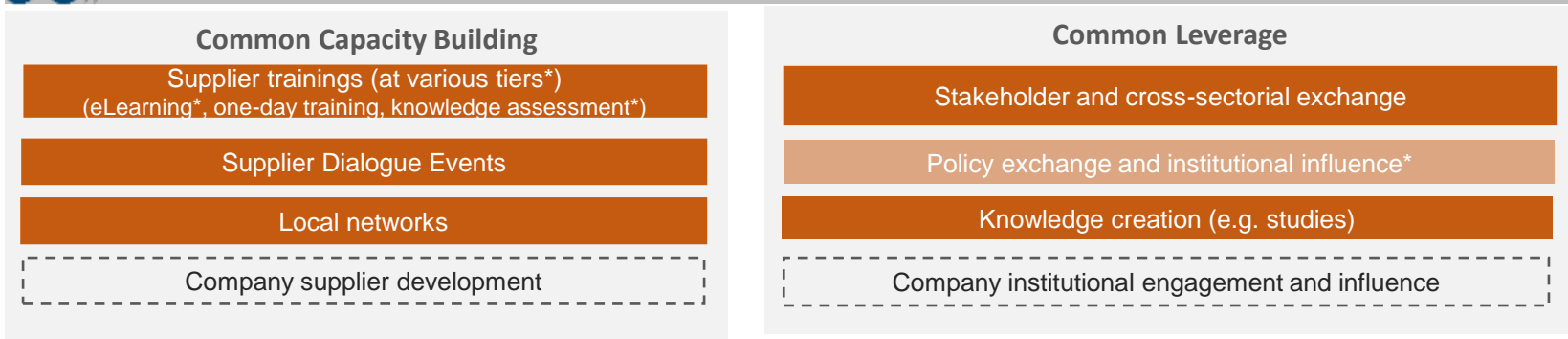
2. Compliance

2 OECD IDENTIFY & ASSESS ADVERSE IMPACTS IN THE SUPPLY CHAIN 3 OECD MANAGE RISKS 4 OECD TRACK RESULTS



3. Impact

3 6 OECD MANAGE RISKS and PROVIDE FOR OR COOPERATE IN REMEDIATION WHEN APPROPRIATE



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



= currently OEM Individual Activities * = Future common activities / under development



5 OECD COMMUNICATE HOW IMPACTS ARE ADDRESSED

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 image shows the cover and first page of a document titled "Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain". The cover features logos for BMW Group, Daimler, FCA, Ford, GM, Honda, and Renault. The first page contains the following text:

Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain

We endeavor/endeavour to achieve excellence, innovation and performance in a sustainable manner. People and the environment are the automotive industry's most important resources. For this reason, we are working together to attain the highest standard in business integrity and in the social and environmental performance of our supply chain.

The automotive industry supply chain has a high degree of complexity, therefore we believe in the benefits of a common approach and message. The following guidelines clearly describe our minimum expectations towards business ethics, working conditions, human rights, and environmental leadership for our suppliers as well as their subcontractors and suppliers. We expect that suppliers will uphold these standards and cascade them down their supply chain.

These guidelines are based on fundamental principles of social and environmental responsibility that are compliant with local law, consistent with international expectations and are supported by the sponsoring Auto Manufacturers. Individual manufacturers may have their own standards, codes and policies that supersede these guidelines.

Business Ethics

Companies are expected to uphold the highest standards of integrity and to operate honestly and equitably throughout the supply chain in accordance with local laws.

- **Responsible Sourcing of Materials:** Companies are expected to responsibly source raw materials used in their products.
- **Anti-Corruption:** Companies are expected to work against corruption in all its forms, including bribery and kickbacks.
- **Privacy:** Companies are expected to put in place appropriate measures to respect privacy, to protect personal data against loss and unauthorized/unauthorised access or use, and to comply with relevant privacy and information security laws and regulations.
- **Financial Responsibility/Accurate Records:** All business dealings are expected to be transparently performed and accurately reflected on the company's financial reports and filings.
- **Disclosure of Information:** Companies are expected to disclose financial and non-financial information in accordance with applicable regulations and prevailing industry practices.
- **Fair Competition/Anti-Trust:** Companies are expected to uphold standards of fair business and conduct business in accordance with all applicable anti-trust or anti-competition laws and regulations.
- **Conflicts of Interest:** Companies are expected to conduct business in a manner that avoids any appearance of impropriety.
- **Counterfeit Parts:** Companies are expected to minimize the risk of introducing counterfeit and/or diverted parts and materials into deliverable products.
- **Intellectual Property:** Companies are expected to respect valid intellectual property rights and use commercially reasonable practices to protect the transfer of confidential technology and know-how.
- **Export Controls and Economic Sanctions:** Companies are expected to comply with applicable restrictions on the export or re-export of goods, software, services and technology, as well as with applicable restrictions on trade involving certain countries, regions, companies or entities and individuals.
- **Protection of Identity and Non-Retaliation:** Companies are expected to establish processes that allow concerns to be raised anonymously with confidentiality and without retaliation.

Date: 13-5-17

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** **VOLVO TRUCKS**

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 exploration 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 precedence: 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 frameworks.
- In assessing compliance, suppliers shall always use as a reference point these 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 / authorizing, 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.

Date: 12.3.2017

THE PRACTICAL GUIDANCE

Anti-Corruption:

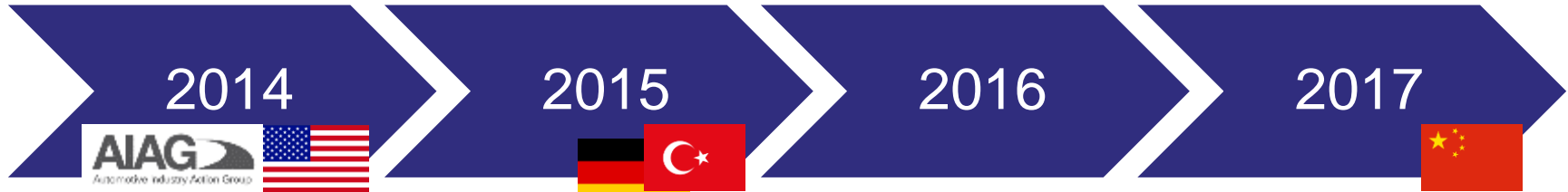
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- Companies are expected to prohibit promising, offering, authorizing / authorising, giving, or accepting something of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.

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

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

- Start setting-up a local group in China

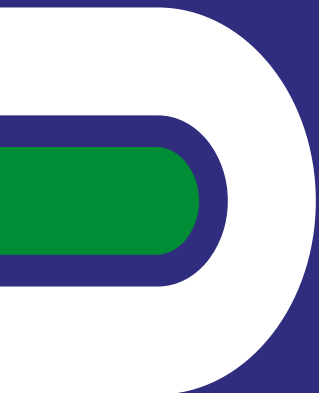
- Launch of DS local group in China
- Common revision of GPs with AIAG

Date: October 21st-23rd; 28th, 2019

Place: Hotel Hilton Garden Inn Angelópolis (Puebla), Hotel Ramada Encore (SLP)

GLOBAL VS LOCAL

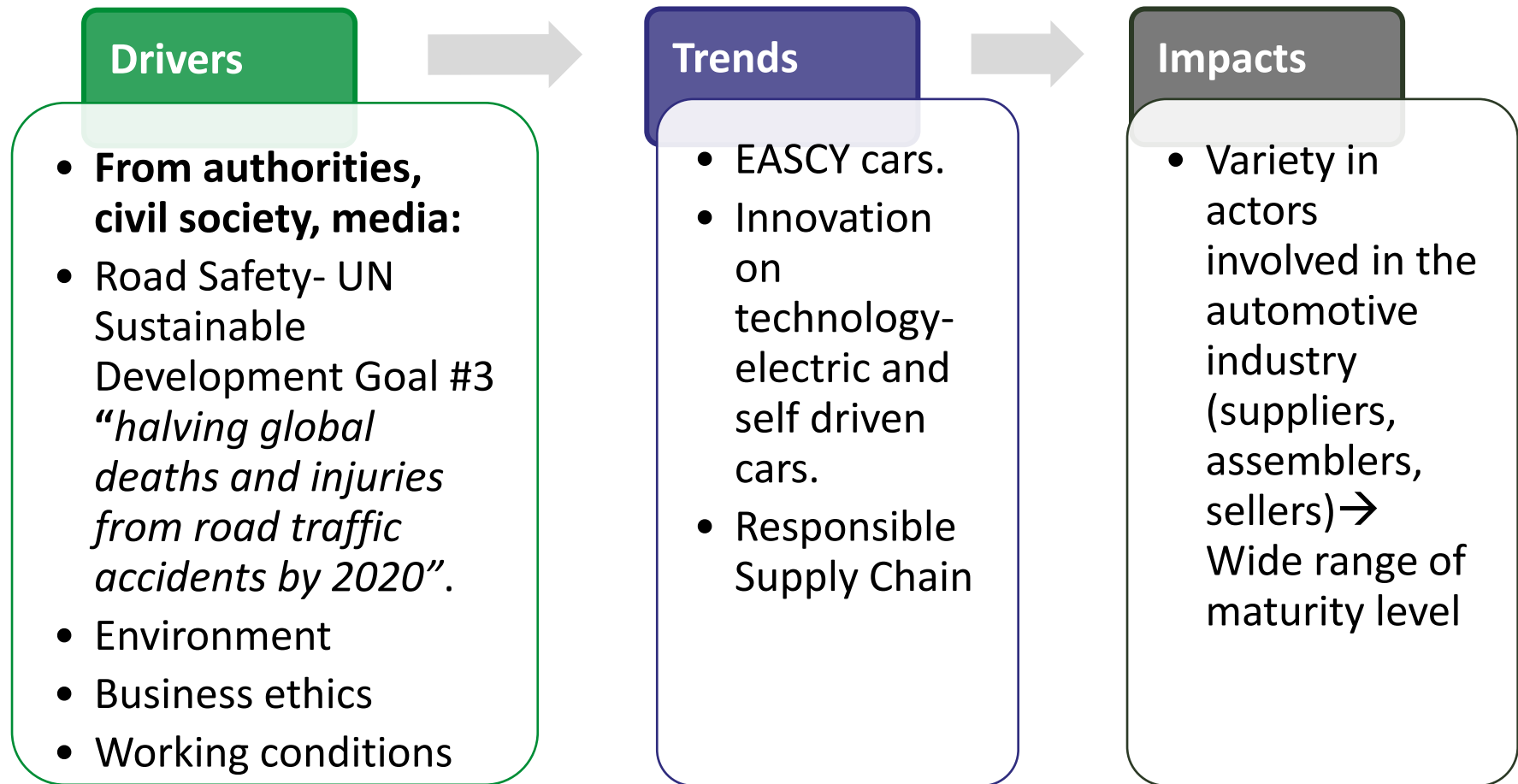
Sustainability in Mexico



drive
sustainability

THE GLOBAL CONTEXT

Sustainability trends in the global automotive industry



More information about EASCY car trend: https://www.pwc.at/de/publikationen/branchen-und-wirtschaftsstudien/eascy-five-trends-transforming-the-automotive-industry_2018.pdf

Date: October 21st-23rd; 28th, 2019

Technology and innovation

Are Mexican consumers' preferences changing the automotive industry?

Entrevistamos a **1,269 consumidores automotrices** mexicanos para conocer sus preferencias.

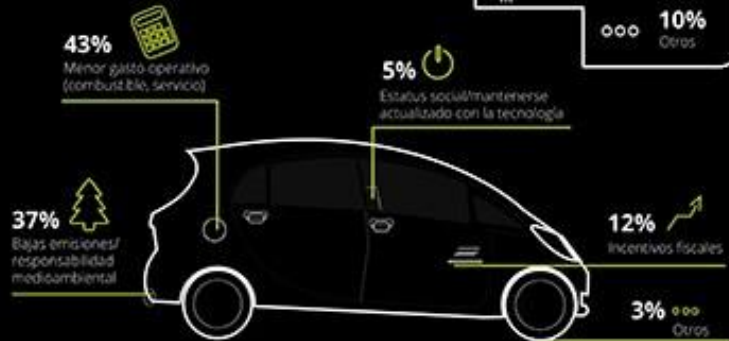
Los consumidores se inclinan a adquirir autos impulsados por:



El consumo de vehículos eléctricos es limitado por:



Algunos de los atractivos más importantes de los vehículos eléctricos son:



Vehículos autónomos

La percepción de los consumidores sobre la seguridad de los vehículos autónomos, ha mejorado desde el año pasado.

Si el precio y/o la seguridad no fueran importantes, usaría un vehículo autónomo.

80% (2018)



Considera positivo viajar en un vehículo autónomo.

79% (2018)

78% (2017)



Tendría mayor libertad para realizar otras actividades.

76% (2018)

67% (2017)



Los vehículos autónomos, nunca serán seguros.

22% (2018)

58% (2017)



Los consumidores son más positivos acerca de los vehículos totalmente autónomos.

Factores que hacen que los consumidores se sientan mejor al conducir un vehículo totalmente autónomo:

Marcas en quien confían



Vehículos autónomos usados en las calles de manera segura



Regulaciones/Aprobaciones Gubernamentales



Tres de cada cuatro consumidores sienten que las regulaciones y aprobaciones del gobierno ayudarán a construir su confianza en la tecnología de vehículos autónomos

En quienes confían para producir los vehículos autónomos:



THE LOCAL CONTEXT

Main issues

National context:

- Expectations of the new government
- Expectation of NAFTA and any new international Agreement.

Environment

- Climate change/Carbon emissions
- Waste management
- Water

Business ethics

- Anticorruption
- Data privacy
- Transparency

Human Rights and working conditions

- Health and safety
- Non-discrimination
- Child labor

THE LOCAL CONTEXT

Local expectations from authorities

Environment

- Climate change-Carbon emissions
 - *Ley General de Cambio Climático*

Business ethics

- Anticorruption
- Data privacy
 - *Ley de Responsabilidades Administrativas*
 - *Ley Federal de Protección de Datos*

Human rights and working conditions

- Health and safety
- Non-discrimination
 - *Ley Federal del Trabajo*
 - *NOM-019-STPS-2011. Comisiones de Seguridad e Higiene*

THE LOCAL CONTEXT

Local expectations from civil society & media

- **Business ethics:**
 - Disclosure of information
- **Human rights and Working Conditions:**
 - Health and safety
 - Employee unions
 - Non-discrimination
- **Environmental issues (not specific for the industry)**
 - Climate change
 - Water
 - Waste



GREENPEACE

THE LOCAL CONTEXT

Local expectations from authorities, civil society & media

Automotive industry maturity level to meet these expectations:



Reporting

Public information on local performance on sustainability issues not always available.

Compulsory reporting (authority).

Supply chain and stakeholder analysis

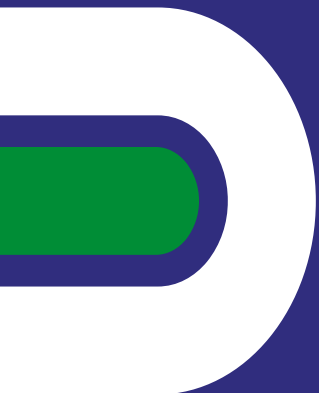
Increasing pressure in the supply chain to adequately manage several sustainability issues

Date: October 21st-23rd; 28th, 2019

Place: Hotel Hilton Garden Inn Angelópolis (Puebla), Hotel Ramada Encore (SLP)

A CLOSER LOOK

Understanding the topic & biggest challenges



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sustainability

AGENDA

Moving on to the next part

Participants form 2 groups	Group A: Business Ethics & Social Sustainability	Group B: Environment and Health & Safety
10:15 – 10:45	Introduction Break-out session	
10:45 – 12:15	Improvement plan exercise: Identifying key local challenges	
12:15 – 12:45	Improvement plan exercise: Root causes and actions	
12:45 – 13:30	Lunch	
13:30 – 15:15	Improvement plan exercise: Root causes and actions (cont.)	
15:15 – 15:30	Coffee break	
15:30 – 16:30	Improvement plan exercise: Budget, responsibilities and timeline	
Participants regroup		
16:40 – 17:00	Closing	

BREAK-OUT SESSIONS

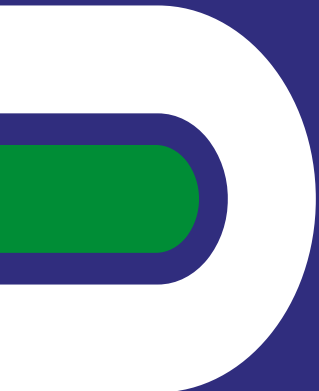


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CLOSING

Summary and next steps



drive
sustainability

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...

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

...For Drive Sustainability

- **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

