



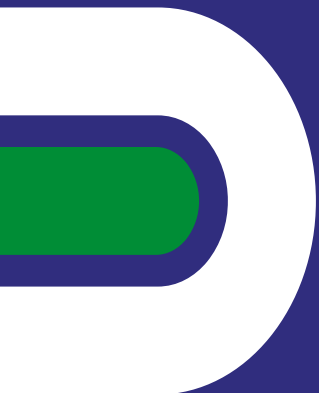
# DRIVE SUSTAINABILITY

## The Automotive Partnership



# 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, Fiat Chrysler Automobiles, 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 commercial 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

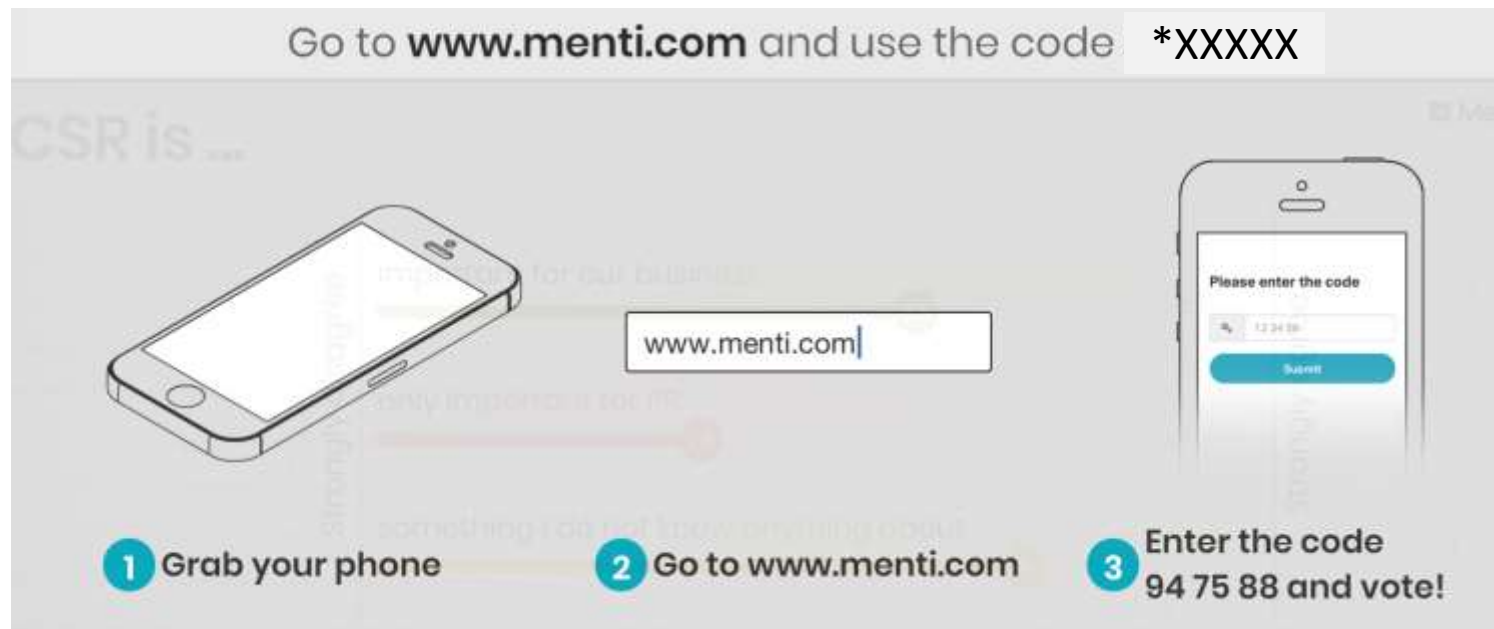
## *Working & leaning together – Day 1*

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09:15 – 09:30	Registration & networking
09:30 – 10:30	<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>
10:30 – 10:40	Coffee break
Participants form 2 groups 10:40 – 10:50	<b>Group A: Business Ethics &amp; Social Sustainability</b> <b>Group B: Environment and Health &amp; Safety</b>
10:50 – 11:15	Introduction Break-out session
11:15 – 12:30	Improvement plan exercise: Identifying key local challenges
12:30 – 12:45	Coffee break
12:45 – 13:20	Improvement plan exercise: Identifying key local challenges
13:20 – 13:30	Summarize the topics discussed on Day 1 and upcoming tasks to be discussed on Day 2

# TODAY: WHAT IS IT ABOUT?

*What are your expectations for the training?*



\*Code to be shared with the participants during the session

# 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



# Training: Supporting Documents

## Guiding Principles



## Practical Guidance



## Legislation Summary



## Training slides\*

## SUPPLY CHAIN SUSTAINABILITY

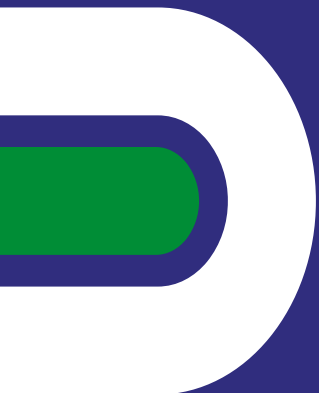
Training for automotive suppliers



\*Will be uploaded on registration website ca. 2 weeks after the last training session

# ABOUT DRIVE SUSTAINABILITY

Enhancing sustainability in the automotive industry



drive  
sustainability

# WHO WE ARE



Our collaboration/work is based on compliance with competition law.

# Drive Sustainability Strategy

Eleven Leading Global Automotive Companies Widen their Common Strategy to address key sustainability challenges together with suppliers

**The mission:** Enhance sustainability throughout the automotive industry by leveraging a common voice and by engaging with suppliers, stakeholders and related sectors on impactful activities



## SUSTAINABLE SUPPLY CHAINS

Collaborate to enhance supplier sustainability

### AMBITIONS



#### SUSTAINABLE RAW MATERIALS

Source raw materials sustainably



#### WORKFORCE WELLBEING

Aim to ensure employees in our supply chain are treated well and empowered



#### CARBON NEUTRALITY

Strive towards a carbon neutral supply chain



#### CIRCULAR VALUE CHAIN

Promote circular use of resources in our value chains

### PRINCIPLES

Stakeholder Engagement

Transparency

Leveraging Best Practices

# 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*

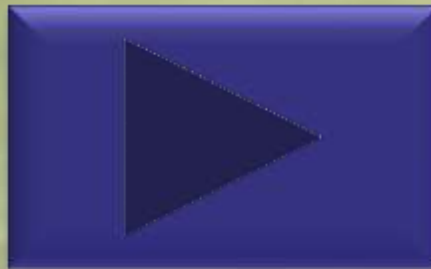
***Develop and apply common tools and common projects***

*Share a common approach*

*Strict compliance with competition laws*



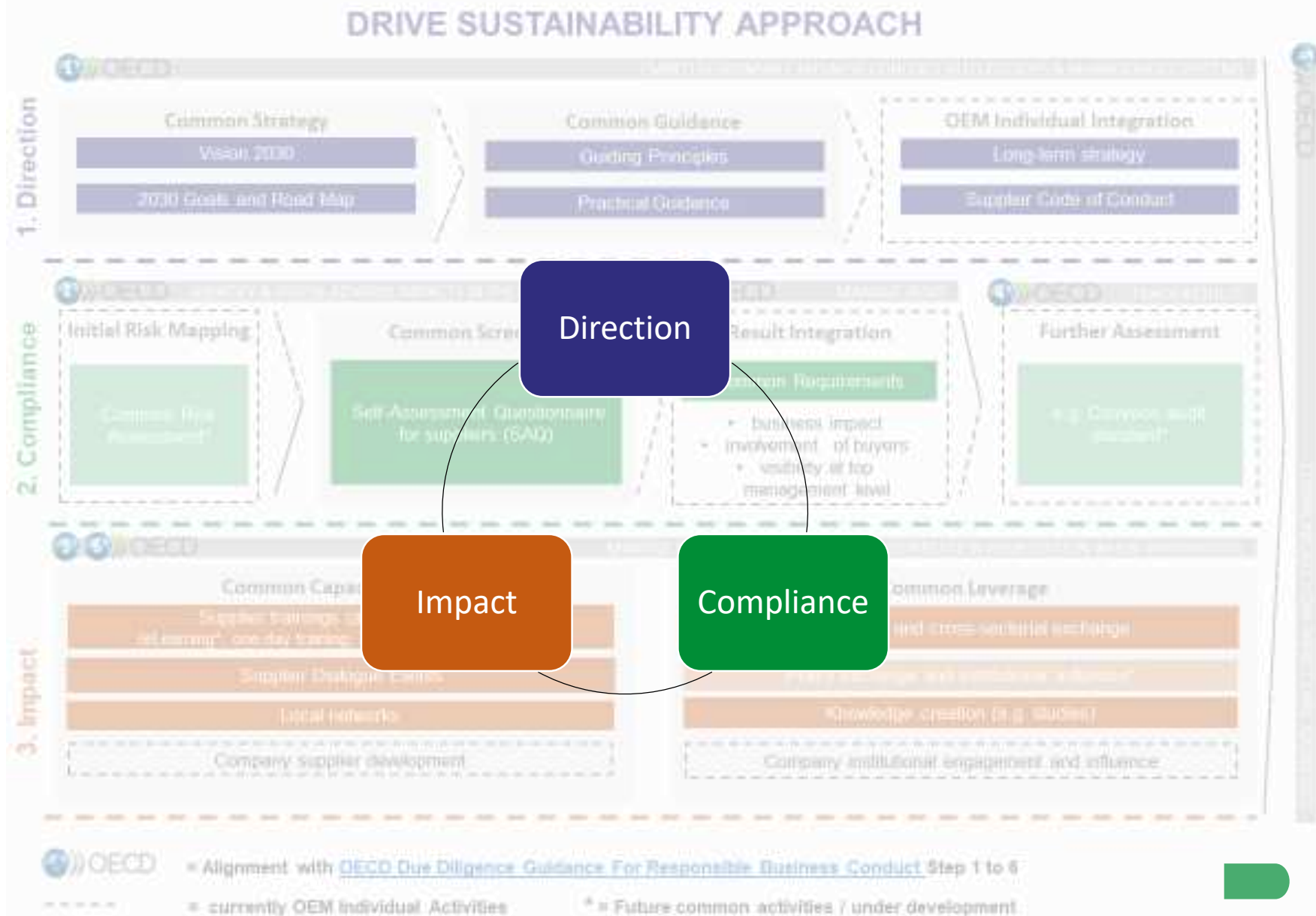
# The Automotive Partnership



<https://www.youtube.com/watch?v=8aeU7XfLjck>



# OUR APPROACH





# THE GUIDING PRINCIPLES

*A set of common baseline guidelines related to:*

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## 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

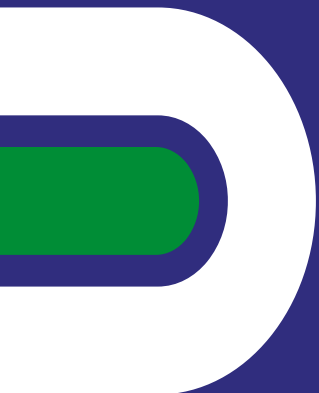
- Responsible sourcing
- Anti-Corruption
- Privacy
- Financial responsibility/transparency
- Fair Competition
- Intellectual Property
- Economic Sanctions

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



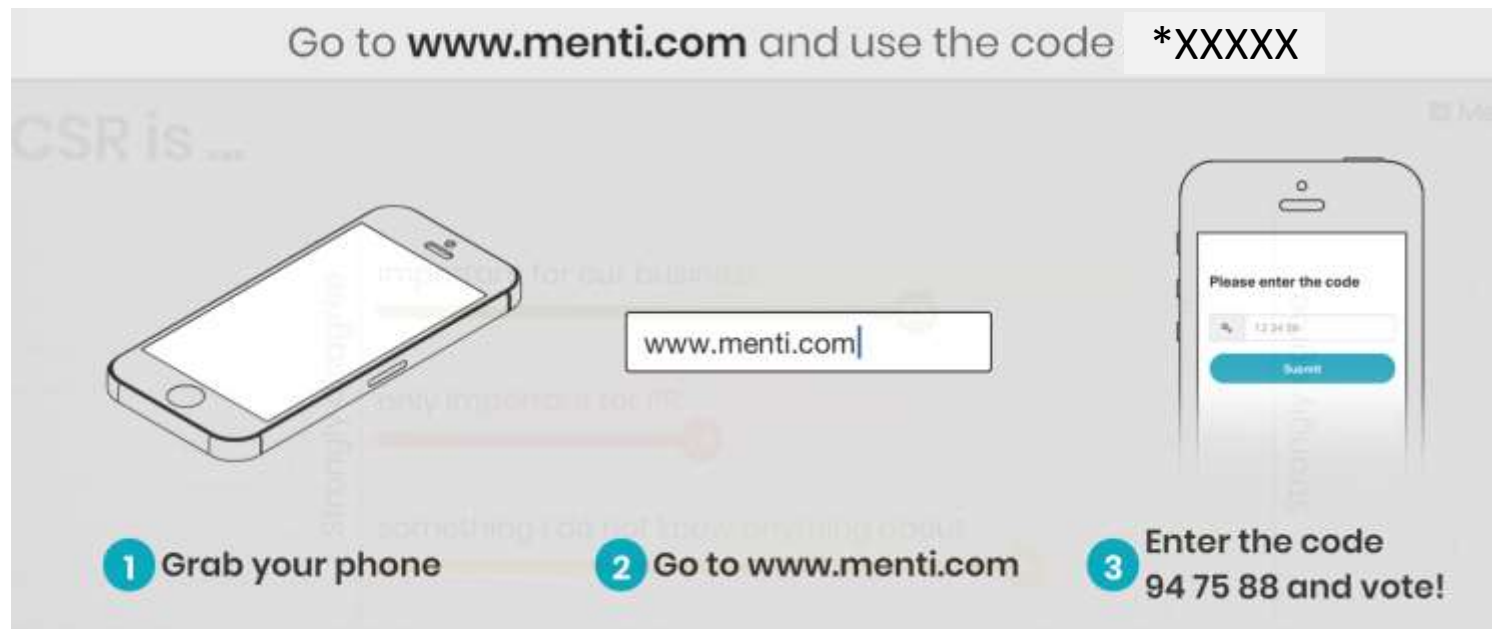
# WHAT IS SUSTAINABILITY?

And why does it matter?



# POLLING EXERCISE

## *Why does sustainability matter?*



\*Code to be shared with the participants during the session



Health

Safety

# Conflict MINERALS

## BEAUTY AND A BEAST

CHILD LABOUR IN INDIA FOR SPARKLING  
CARS AND COSMETICS



SAFE WORKPLACE



SOUND BUSINESS



Align Profit +  
Purpose



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

FINANCIAL TIMES

OLD / US COMPANIES / MARKETS / OPINION / WORK & CAREERS / LIFE & ARTS

Responsible Business

Business in the Community

Add to myPT

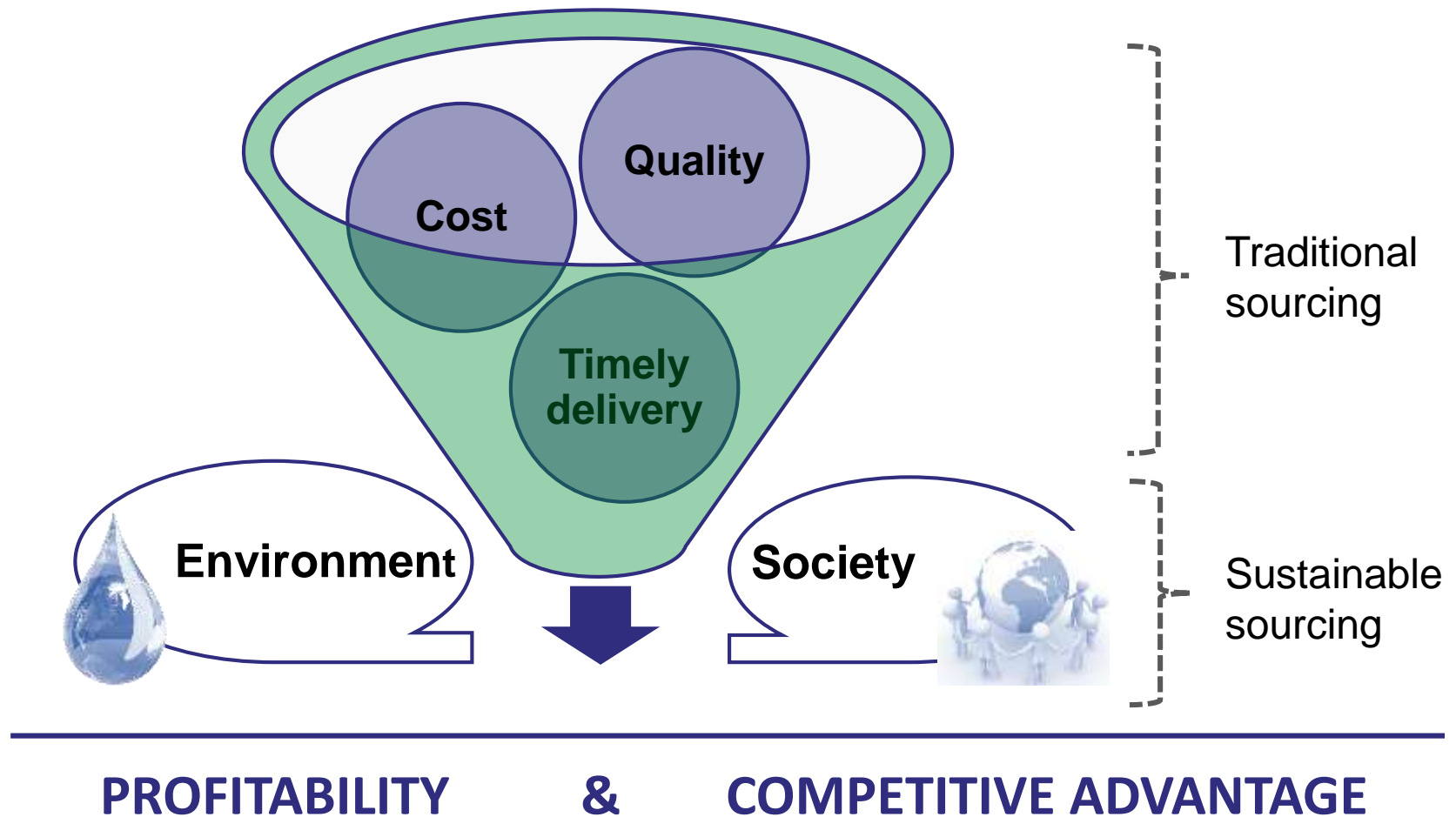
The 2017 Responsible Business Awards  
winners

Companies recognised for fundamentally rethinking social and environmental impact



# THE BUSINESS CHALLENGE

*...meeting the expectations of sustainable sourcing*



# INCREASED EXPECTATIONS AND MONITORING



Public



Buyers



Government



**Commit to full due diligence of supply chain**



**Enhance transparency of entire supply chain**



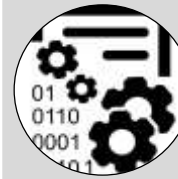
**Environmental impact & circular models**



**Respect for human rights**



**Ensure decent working conditions**



**Implement safeguards for privacy and other rights**



# THE RISKS

## *The consequences of ignoring expectations*

*Ignoring to meet these expectations ...*

*... may cause*



**Buyer and  
shareholder  
expectations**



**Public  
expectations**



**Government  
expectations**



**Quality  
standards**



**Reputational damage**



**Loss of orders**



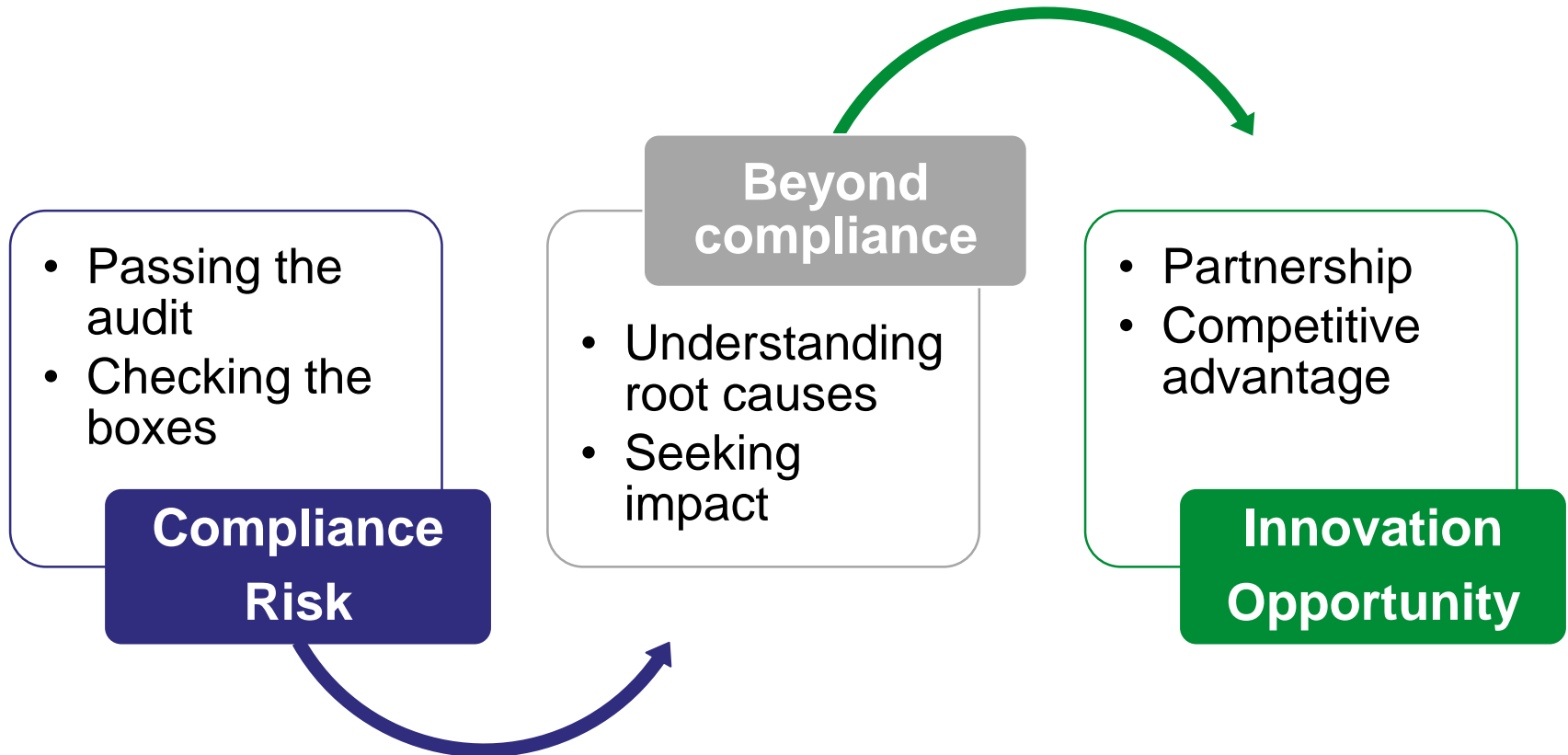
**Exclusion from the  
supply chain**



**Loss of  
business**

# 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

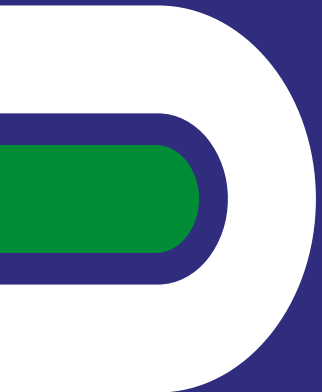
- Culture of responsibility
- Lasting supply chain relationships

## Relationships



# GLOBAL VS LOCAL

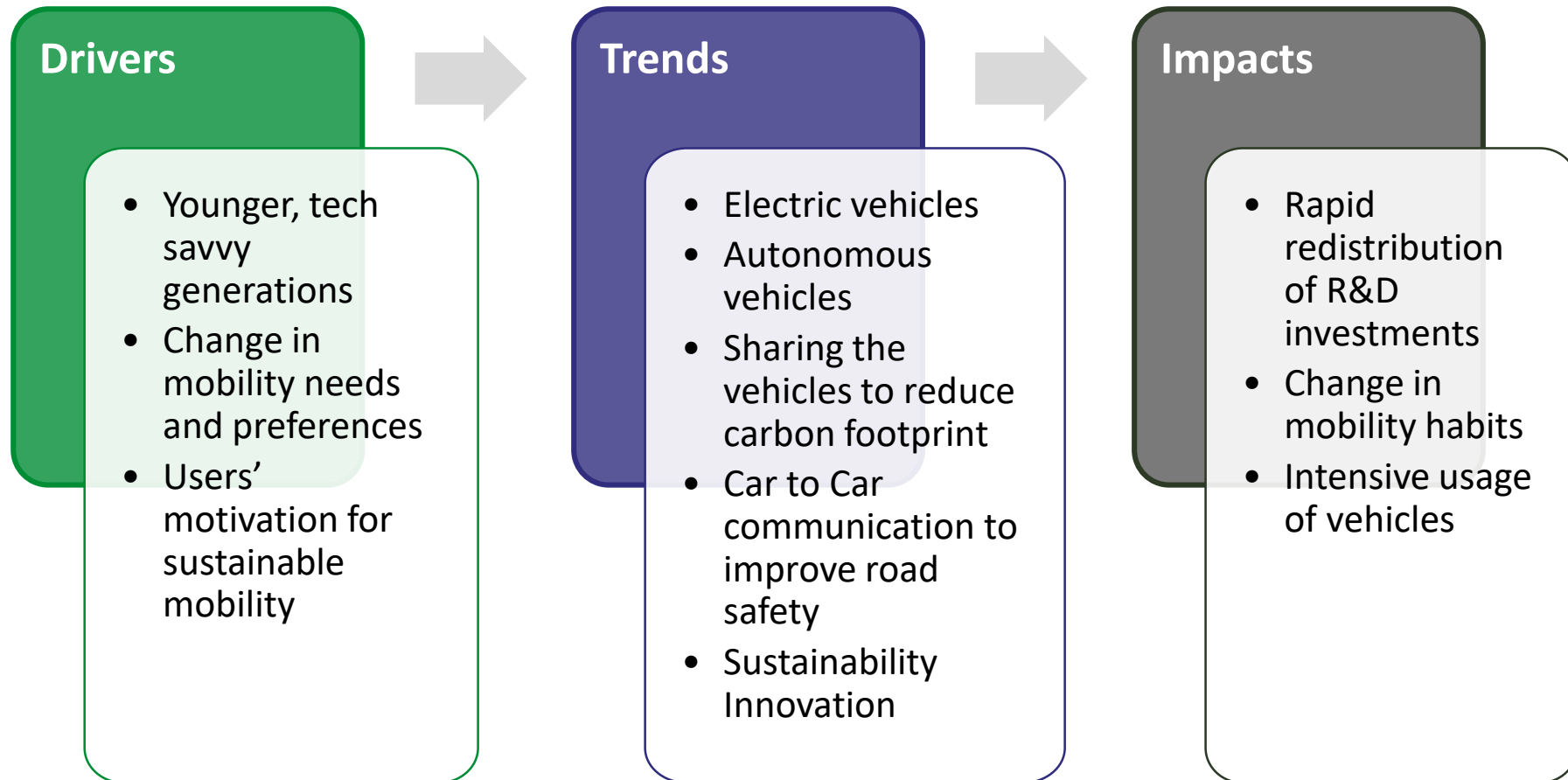
Sustainability in India



drive  
sustainability

# THE GLOBAL CONTEXT

## *Sustainability trends in the global automotive industry*



# THE GLOBAL CONTEXT

## *Global automotive industry maturity level*

- *Fuel cell electric vehicles are gradually replacing battery electric vehicles*
- *By 2030 less than 5% of the global car production will originate from Western Europe<sup>1</sup>*
- *Costs, infrastructure and charging experience are the biggest challenges for e-mobility*
- *Combustion engines will co-exist alongside alternative drivetrain technologies*

1. <http://www.automotivebusiness.com.br/abinteligencia/pdf/KPMG-global-automotive-executive-survey-2017.pdf>

# THE LOCAL CONTEXT

## *Expectations from authorities*

- **National Auto Policy (NAP)** aiming to promote clean and safe mobility and adopt a long-term roadmap to harmonize emission standards with global benchmarks by 2028.
- **National Electric Mobility Mission Plan (NEMMP) 2020:** Under National Electric Mobility Mission Plan (NEMMP), the government is targeting to achieve 6-7 million sales of electric and hybrid vehicles in India by 2020
- Ministry of Power launched the new **National Electric Mobility Programme** with aims to provide an impetus to the entire e-mobility ecosystem including vehicle and spare part / component manufacturers, charging infrastructure companies, fleet operators, service providers, etc.
- According to an estimate by the Central Pollution Control Board (CPCB), GIZ, a German development agency, and an NGO, there were **8.7 million obsolete vehicles in India**, also called end-of-life vehicles (ELVs), in 2015. That figure will increase **2.5 times to 22 million in 2025**, given that the average lifespan of a vehicle is 10-15 years.

# THE LOCAL CONTEXT

## *Expectations from civil society:*

- **Reduction in Goods, Service Tax (GST) Rates:** *Topping the expectation list is the reduction in GST rates. Reduction of tax rates to boost sales and reduce burden of the purchase of environmentally friendly vehicles.*
- **Technology Development & Acquisition Fund:** *Fund needs to be created for supporting R&D and local technology development to match international standards, especially in light of the technological disruptions in the automotive industry*
- **Going beyond being a vehicle manufacturer** - *Mahindra and Mahindra's decision to buy over 55 per cent stake in Meru Cabs, a ride-hailing and radio cab service provider, after investing in car-sharing service provider Zoom, signals a change in business strategy. Others like Hyundai Motors are looking at a minority stake in ride-hailing service provider Ola as well as an arrangement to manufacture EVs for the ride-hailing segment*

# THE LOCAL CONTEXT

## *Expectations from the media*



**Opinion: Covid-19 impact on global auto industry - Need for more resilient supply chains**

Automotive Exterior Trim Parts Market to be driven by Sustainable Production Practices, Future Market Insights



**WWD**

**New Nonprofit Focuses on Developing Sustainable Materials**



**EVs, battery waste and million-dollar opportunity**



**Promoted: Innovative and sustainable packaging for the automotive industry**



**Covid-19 crisis an opportunity for Indian auto components sector to become a hub: ACMA**



# THE LOCAL CONTEXT

## *Local sustainability focus topics*

### Environment

- Energy Consumption & GHG Emissions
  - Enhancing energy efficiency
  - Renewable energy
  - GHG emissions and air quality
- Water Consumption
  - Reducing water footprint
  - Recycling of waste water
- Resource efficiency and waste management
  - Circular economy
  - Light weighting

### Health & Safety

- Trainings
- Risk identification
- Risk management processes
- Use of OT for H&S

### Business ethics

- Responsible Sourcing
  - Vendor selection and management
  - Local sourcing of materials
  - QCDDS (Quality, Cost, Development, Deliver & Services ) criteria.
- Disclosure of Information
  - Financial Disclosures
  - Non-financial disclosures
  - Identification of Material Topics
- Anti-corruption

### Human Rights & Working Conditions

- Code of Conduct
  - Prohibition of Child Labour/Forced Labour
  - Wage and working conditions
- Anti-Harassment
- Non-discrimination
- Grievance Redressal Mechanism

# THE LOCAL CONTEXT

*Automotive industry maturity level to meet these expectations*



- Rapidly evolving customer needs:
- With increasing spend capacity, high levels of product awareness, rapidly evolving expectations and demand for personalized products & services, customers are taking the center stage of the entire automotive ecosystem. Understanding changing customer needs and having the ability to serve them differentially will be a key competitive advantage.

Disruptive impact of technology: at three levels

- On vehicles (e.g. electric, driverless, connected)
- On supply chain and operations ( digitization, robotics, 3-D printing) and
- On business models (e.g. mobility as a service, vehicle sharing)

**Automotive Industry participants must, therefore, reinvent themselves to find new ways of creating and delivering value in the future.**

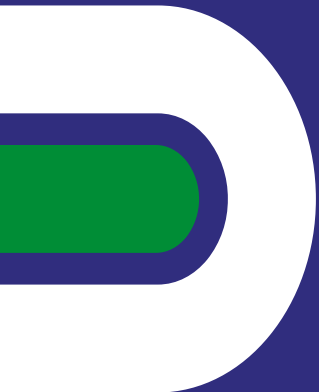
Dynamic regulatory environment:

- Major regulatory interventions, such as the accelerated transition from BS IV to BS VI, adoption of electric vehicles, safety rules and stringent vehicle standards are leading to a shift in vehicle technology. This is creating significant challenges, not only for automotive industry but also in related sectors such as energy, oil & gas, transportation, and urban development.



# A CLOSER LOOK

Understanding the topic & biggest challenges



drive  
sustainability

# AGENDA

*Moving on to the next part*

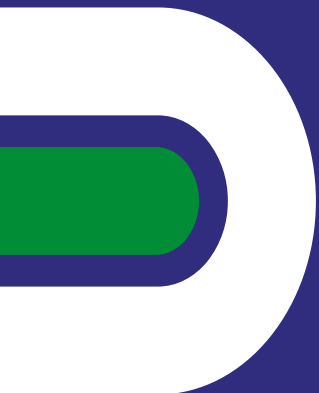
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12:30 – 12:45	Coffee break	
12:45 – 13:20	Improvement plan exercise: Identifying key local challenges	
13:20 – 13:30	Day 1 Closing - Summarize the topics discussed on Day 1 and upcoming tasks to be discussed on Day 2	
09:30 – 10:00	Day 2 Opening – Registration and Connection to Day 1	
10:10 – 12:00	Improvement plan exercise: Identifying root causes and actions	
12:00 – 12:10	Coffee break	
12:10 – 13:10	Improvement plan exercise: Budget, responsibilities and timeline	
Participants regroup		
13:10 – 13:30	Closing	

# BREAK-OUT SESSIONS



# CLOSING

Summary and next steps



# SUMMARY OF THE DAY

## *Findings from group discussion*

- Has the training met your expectations?
- 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](#)
- Drive Sustainability Self-assessment questionnaire [FAQ](#)
- 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 & share the form  
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THANK YOU

