

RepRisk Company Report Lite prepared for Presentation Oglino

# Volkswagen

**Sectors:** Automobiles and Parts  
**Headquarters:** Germany

February 01, 2017

# What is the RepRisk Company Report Lite?

## The RepRisk Company Report Lite

RepRisk Company Report Lite provides an overview of the environmental, social, and governance (ESG) risk exposure of an individual company for the past two and ten years. The overview is extracted from a combination of quantitative data – our proprietary risk analytics and metrics.

Company Report Lite is dynamically generated to include the latest information from the RepRisk ESG Risk Platform – the world's most comprehensive database on ESG risks.

RepRisk's assessment of the ESG risk exposure of a company is based on the company's activities as observed by media, stakeholder, and third-party sources, and excludes information provided by the company itself. For more information on RepRisk's methodology, please visit the RepRisk website.

## RepRisk's Research Scope

RepRisk's core research scope is comprised of 28 ESG Issues that are broad, comprehensive, and mutually-exclusive. The 28 Issues drive the entire research process, as every risk incident in RepRisk's ESG Risk Platform is linked to at least one of these Issues.

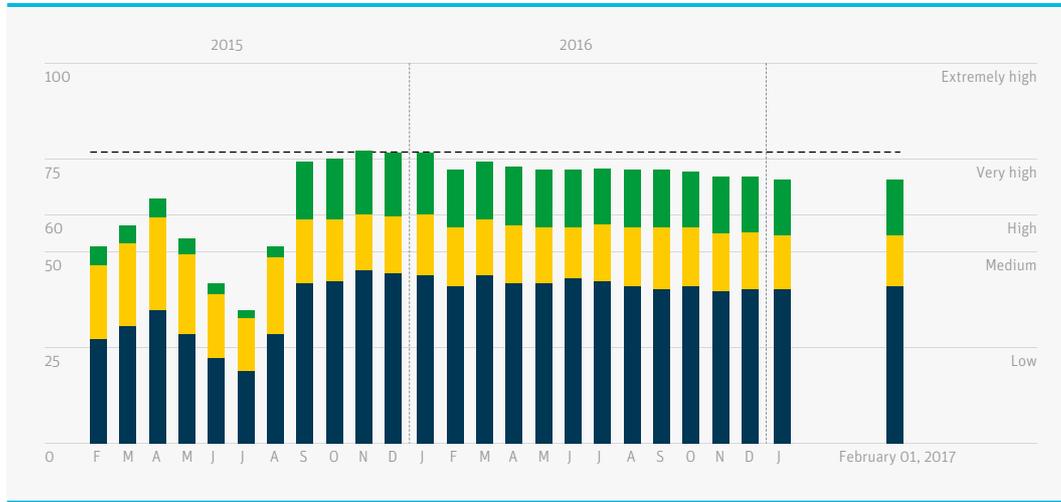
The Issues were selected and defined in accordance with the key international standards related to ESG themes, such as the Ten Principles of the UN Global Compact, the World Bank Group Environmental, Health, and Safety Guidelines, the IFC Performance Standards, the Equator Principles, the OECD Guidelines for Multinational Enterprises, and the ILO Conventions.

In addition, RepRisk has defined 45 Topic Tags, which represent specific and thematic ESG hot topics and provide a second and more granular level of analysis. All Topic Tags link to at least one of the ESG Issues. They are a dynamic concept, with the list expanding over time in response to emerging trends.

# The RepRisk Index

Company: Volkswagen

## RepRisk Index Trend for the last two years (February 01, 2015 to February 01, 2017)



**Current RRI**  
As of February 01, 2017 **69**

**Peak RRI**  
In November 2015 **77**

**RRI Change**  
Last 30 days **-1**

● Environment ● Social ● Governance

The RRI is a proprietary algorithm developed by RepRisk that dynamically captures and quantifies reputational risk exposure related to ESG issues. The RRI is not a measure of reputation, but is rather an indicator of ESG-related reputational risk of a company or other entity. It allows the comparison of a company's exposure with that of its peers and helps track the risk trend over time. In essence, the RRI facilitates an initial assessment of the ESG and reputational risks associated with financing, investing, or conducting business with a particular company.

The RRI ranges from zero (lowest) to 100 (highest): 0-24 means low risk exposure, 25-49 means medium risk exposure, 50-59 means high risk exposure, 60-74 means very high risk exposure, and 75-100 means extremely high risk exposure.

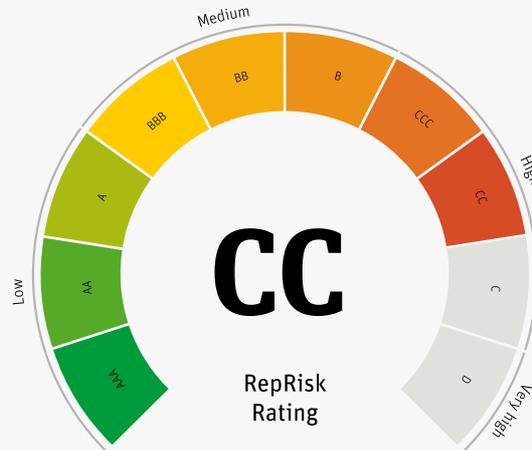
The RRI is made of an environmental, a social, and a governance component. The percentage of the environmental, social, and governance contribution to the RRI of Volkswagen is based on the number of risk incidents related to environmental, social, and governance issues.

- The Current RRI denotes the current level of media and stakeholder coverage of a company related to ESG issues.
- The Peak RRI equals to the highest level of the RRI over the last two years – a proxy for overall ESG-related reputational risk exposure.
- The RRI Change shows the increase or decrease of the RRI within the past 30 days.

# The RepRisk Rating

Company: Volkswagen

RepRisk Rating as of February 1, 2017



The RepRisk Rating is a proprietary risk metric that captures and quantifies a company's risk exposure related to ESG issues. It combines a company's own ESG risk exposure (Peak RRI) with the ESG risk exposure of the countries and the sectors in which the company has been exposed to risks.

The RepRisk Rating ranges from AAA to D.



Based on RepRisk's strict, rules-based methodology, the Rating is updated daily for all companies in the RepRisk ESG Risk Platform. It is the cornerstone of RepRisk's corporate benchmarking report, the Director's Brief, and facilitates corporate benchmarking and ESG integration. To learn more about the Director's Brief, please visit: [www.reprisk.com/brief](http://www.reprisk.com/brief).

# ESG Issues

Company: Volkswagen

The two heat maps below highlight the ESG Issues that have been mostly associated with Volkswagen over the last two years and over the last ten years.

The Issues are highlighted in relation to both the number and severity of the risk incidents. The heat map displays all 28 ESG Issues that comprise the core of the RepRisk's research scope (see page 2).

## ESG Issues heat map for the *last two years* (Feb. 01, 2015 to Feb. 01, 2017)

Environmental Environmental Footprint	Social Community Relations	Employee Relations	Governance Corporate Governance
Global pollution (incl. climate change and GHG emissions)	Human rights abuses, corporate complicity	Forced labor	Corruption, bribery, extortion, money laundering
Local pollution	Impacts on communities	Child labor	Executive compensation issues
Impacts on ecosystems and landscapes	Local participation issues	Freedom of association and collective bargaining	Misleading communication, e.g. "greenwashing"
Overuse and wasting of resources	Social discrimination	Discrimination in employment	Fraud
Waste issues		Occupational health and safety issues	Tax evasion
Animal mistreatment		Poor employment conditions	Tax optimization
			Anti-competitive practices
<b>Cross-cutting Issues:</b> always in combination with one of the ESG Issues above			
Controversial products and services			
Products (health and environmental issues)			
Violation of international standards			
Violation of national legislation			
Supply chain issues			

● Low risk ● Medium risk ● High risk ● Very high risk

# ESG Issues

Company: Volkswagen

## ESG Issues heat map for the last ten years (Feb. 01, 2007 to Feb. 01, 2017)

Environmental Environmental Footprint	Social Community Relations	Employee Relations	Governance Corporate Governance
Global pollution (incl. climate change and GHG emissions)	Human rights abuses, corporate complicity	Forced labor	Corruption, bribery, extortion, money laundering
Local pollution	Impacts on communities	Child labor	Executive compensation issues
Impacts on ecosystems and landscapes	Local participation issues	Freedom of association and collective bargaining	Misleading communication, e.g. "greenwashing"
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Controversial products and services

Products (health and environmental issues)

Violation of international standards

Violation of national legislation

Supply chain issues

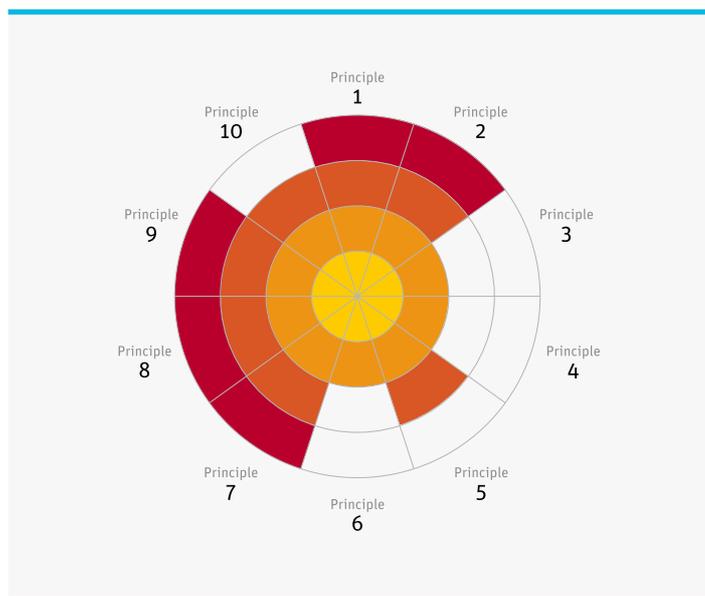
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# UN Global Compact Principles

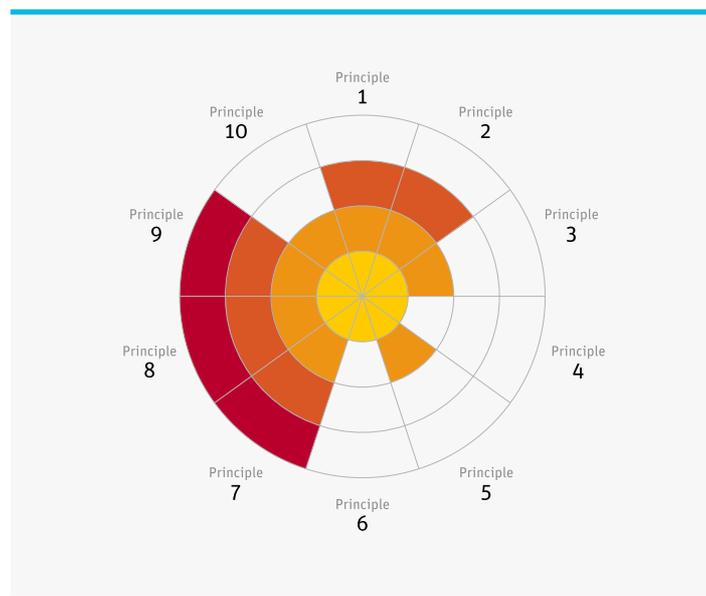
Company: Volkswagen

The two spider charts below show the alleged breaches of the Ten Principles of the UN Global Compact (UNGC) by Volkswagen over the last two years and over the last ten years. The calculation is based on both the number and severity of the risk incidents associated with each Principle.

**Alleged breaches of the UNGC Principles over the last two years (Feb. 01, 2015 to Feb. 01, 2017)**



**Alleged breaches of the UNGC Principles over the last ten years (Feb. 01, 2007 to Feb. 01, 2017)**



● Low risk ● Medium risk ● High risk ● Very high risk

## The Ten Principles of the UN Global Compact

### Principle 1 – Human Rights

Businesses should support and respect the protection of internationally proclaimed human rights.

### Principle 2 – Human Rights

Businesses should make sure that they are not complicit in human rights abuses.

### Principle 3 – Labour

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

### Principle 4 – Labour

Businesses should uphold the elimination of all forms of forced and compulsory labour.

### Principle 5 – Labour

Businesses should uphold the effective abolition of child labour.

### Principle 6 – Labour

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

### Principle 7 – Environment

Businesses should support a precautionary approach to environmental challenges.

### Principle 8 – Environment

Businesses should undertake initiatives to promote greater environmental responsibility.

### Principle 9 – Environment

Businesses should encourage the development and diffusion of environmentally friendly technologies.

### Principle 10 – Anti-Corruption

Businesses should work against corruption in all its forms, including extortion and bribery.

# ESG Topic Tags

Company: Volkswagen

The two heat maps below highlight the ESG Topic Tags that have been mostly associated with Volkswagen over the last two years and over the last ten years.

The ESG Topic Tags are highlighted in relation to both the number and severity of the risk incidents. The heat map displays all 45 ESG Topic Tags, which are an extension of RepRisk's core research scope of 28 ESG Issues (see page 2).

## ESG Topic Tag heat map for the last two years (Feb. 01, 2015 to Feb. 01, 2017)

Abusive/Illegal fishing	Agricultural commodity speculation	Alcohol	Animal transportation
Arctic drilling	Asbestos	Automatic and semi-automatic weapons	Cluster munitions
Coal-fired power plants	Conflict minerals	Coral reef	Deep sea drilling
Depleted uranium munitions	Diamonds	Drones	Endangered species
Forest burning	Fracking	Gambling	Genetically modified organisms (GMOs)
Genocide/Ethnic cleansing	High conservation value forests	Human trafficking	Hydropower (dams)
Illegal logging	Indigenous people	Involuntary resettlement	Land grabbing
Land mines	Migrant labor	Monocultures	Mountaintop removal mining
Negligence	Nuclear power	Oil sands	Palm oil
Pornography	Predatory lending	Privacy violations	Protected areas
Rare earths	Sea-bed mining	Soy	Tobacco
Water scarcity			

● Low risk ● Medium risk ● High risk ● Very high risk

# ESG Topic Tags

Company: Volkswagen

## ESG Topic Tag heat map for the *last ten years* (Feb. 01, 2007 to Feb. 01, 2017)

Abusive/Illegal fishing	Agricultural commodity speculation	Alcohol	Animal transportation
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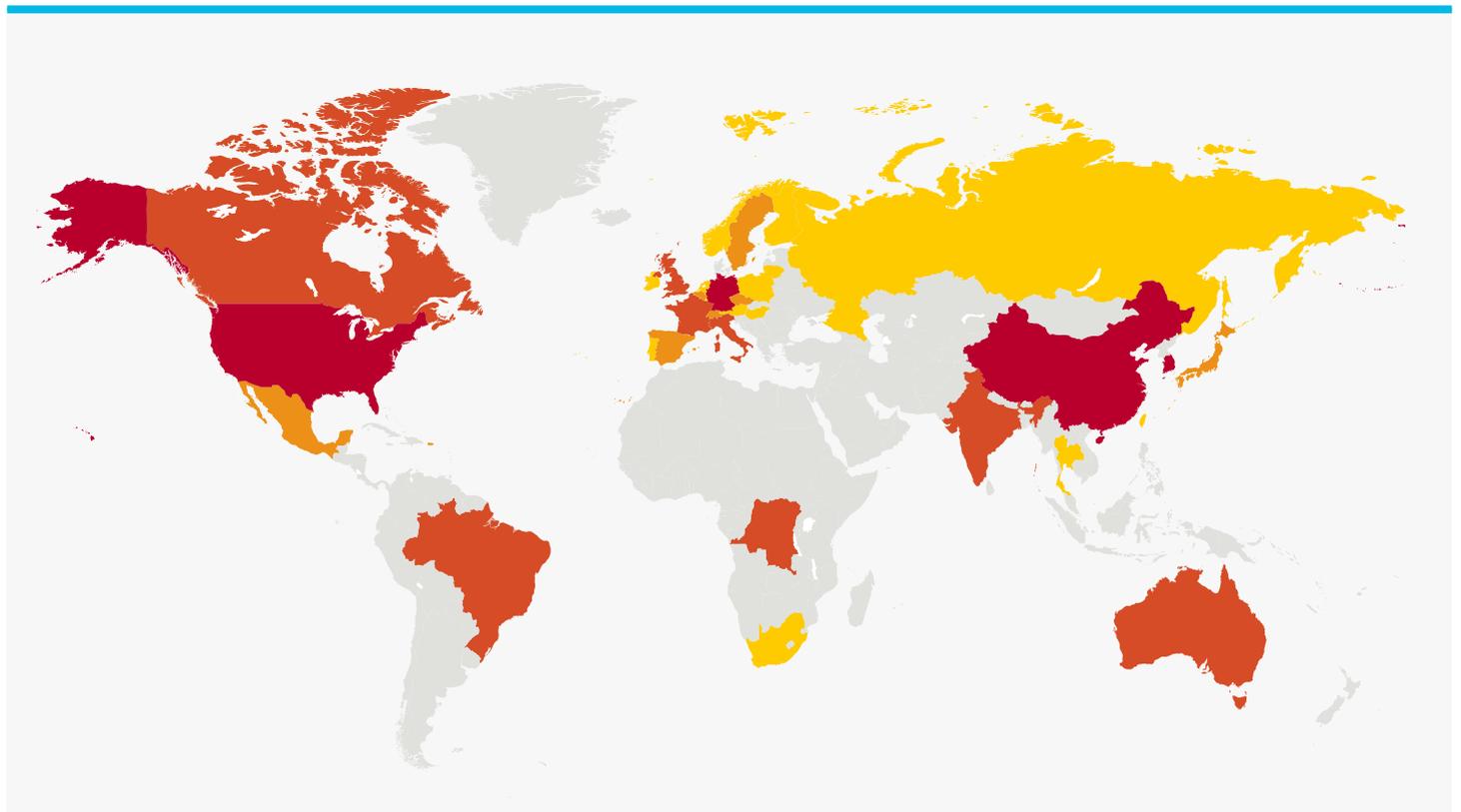
# Country ESG Risk Exposure

Company: Volkswagen

The two maps below highlight the countries where ESG risk incidents have been detected for Volkswagen over the last two years and over the last ten years. The countries are highlighted in relation to both the number and severity of the risk incidents.

In the last two years, ESG risk incidents for Volkswagen have been detected in 35 countries, as shown in the map below.

## Country ESG risk exposure over the *last two years* (Feb. 01, 2015 to Feb. 01, 2017)



### Country and ranking

1. United States of America	●	6. Canada	●
2. Germany	●	7. Brazil	●
3. Korea; Republic of (South Korea)	●	8. India	●
4. China	●	9. France	●
5. United Kingdom of Great Britain and Northern Ireland	●	10. Italy	●

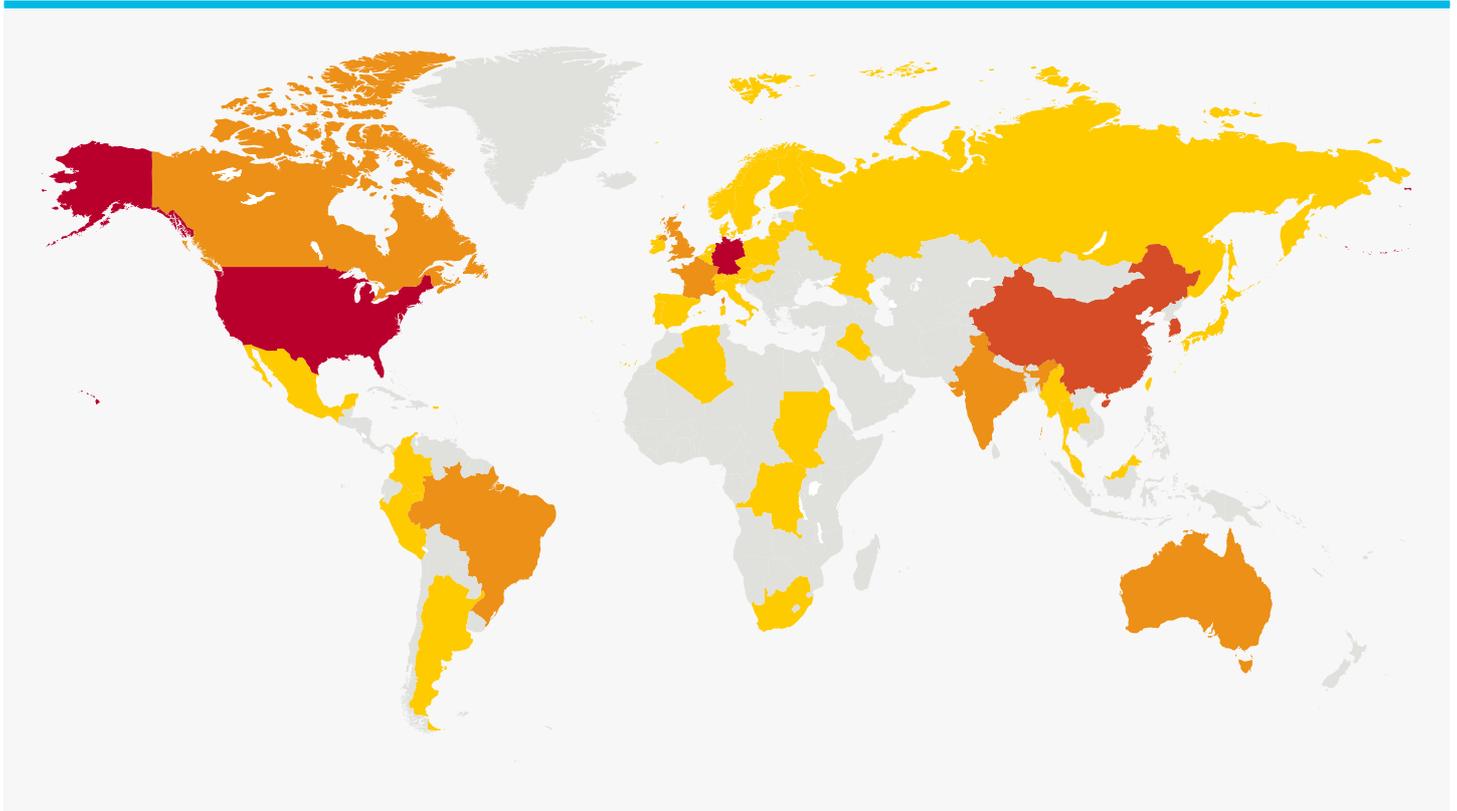
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# Country ESG Risk Exposure

Company: Volkswagen

In the last ten years, ESG risk incidents for Volkswagen have been detected in 35 countries, as shown in the map below.

## Country ESG risk exposure over the *last ten years* (Feb. 01, 2007 to Feb. 01, 2017)



### Country and ranking

1. United States of America	●	6. Brazil	●
2. Germany	●	7. United Kingdom of Great Britain and Northern Ireland	●
3. China	●	8. Canada	●
4. Korea; Republic of (South Korea)	●	9. France	●
5. India	●	10. Australia	●

● Low risk ● Medium risk ● High risk ● Very high risk

# About RepRisk

RepRisk is a leading business intelligence provider, specializing in environmental, social, and governance (ESG) risk analytics and metrics.

Harnessing a proprietary, systematic framework that leverages cutting-edge technology and hands-on human intelligence in 15 languages, RepRisk curates and delivers dynamic risk information for an unlimited universe of companies.

Since 2006, RepRisk has built and continues to grow the most comprehensive ESG risk database that serves as a due diligence, research, and monitoring tool in risk management, compliance, investment management, corporate benchmarking, and supplier risk. The RepRisk ESG Risk Platform currently includes risk profiles for over 81,000 listed and non-listed companies, 20,000 projects, as well as for every sector and country in the world.

Headquartered in Zurich, Switzerland, RepRisk serves clients worldwide including global banks, insurance providers, investment managers, and corporates, helping them to manage ESG and reputational risks in day-to-day business.

RepRisk provides the transparency needed to enable better, more informed decisions. For more information, please visit [www.reprisk.com](http://www.reprisk.com).

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