

SECTOR DIALOGUE

**Respecting human rights along
global supply and value chains
of Germany's automotive industry**

Dialogue agreement



I. Challenges

Germany's automotive industry has a particularly important responsibility for shaping a sustainable global economy. The companies of the industry promote decent work, training, development and economic prosperity at their production sites worldwide and together with a network of suppliers. About three quarters of the value added within the industry is generated by suppliers, which ranges from the extraction of raw materials, to the manufacturing of intermediate products, to the assembly of vehicle components. At the same time, German automotive companies face considerable risk in the field of negative human rights impacts along their supply and value chains due to their high level of international integration.

There are cases of unacceptable working conditions, child labour and forced labour, and serious environmental damage, for example in the extraction of raw materials in the countries of Latin America, Africa and Asia, but also at European suppliers and in the logistics and transport systems on our own roads. Further, new challenges arrive through the transformation of the automotive industry, its entry into the era of electric vehicles and the new increased demand for different specific raw materials, as well as the digital revolution taking place behind the wheel.

As an industry that operates in close proximity to its consumers, not only large brand companies are facing growing demands on their sustainability performance and human rights due diligence. Small and medium-sized enterprises must also increasingly face up to the challenge of shaping their value chains responsibly, from the extraction of raw materials to the final product and up to final disposal. Whether we are talking about business partners, investors or consumers, trade unions, non-governmental organisations or policy-makers: everyone expects companies to be aware of the risks and effects of their actions, to comply with social and environmental standards and to respect human rights in all their business activities. Due to its outstanding importance for Germany as an industrial nation, the automotive industry also acts as a role model. Enforcing sustainability criteria in sourcing can have a direct impact on the national and international supplier industry.

The implementation of human rights due diligence is an individual, continuous process for every company. Many individual automobile manufacturers and suppliers are already committed to action themselves, and beyond that as part of existing initiatives. At the same time, the challenges are often complex and multifaceted. The causes are often structural, so that a common approach in the sector and cross-sectoral cooperation could have an additional effect. For this reason, the industry's stakeholders from companies, associations, trade unions and civil society organisations have decided to work together with the Federal Ministry of Labour and Social Affairs to develop solutions to improve the human rights situation along the global supply and value chains in Germany's automotive industry.

II. Joint commitment

The companies, associations, trade unions, civil society organisations, initiatives and the Federal Ministry of Labour and Social Affairs, which have signed this agreement, are committed to the objectives of the UN Guiding Principles on Business and Human Rights (UN Guiding Principles). At the same time they actively support the implementation of the National Action Plan on Business and Human Rights (NAP) in Germany in their respective roles.

States have an obligation to protect human rights. This cannot be transferred to other actors in society. All the same, companies have a responsibility to respect human rights. A prerequisite is that they are aware of the human rights implications of their business activities and establish processes for human rights due diligence to avoid, reduce and offset negative impacts.

Respecting human rights means more than the need not to do harm. It means working actively and globally to make a positive impact on people's lives, especially when they are affected by business activities. This fundamental principle must become an integral part of responsible corporate governance. All the stakeholders that have signed the agreement are convinced that responsible action, which decidedly promotes respect for human rights in global supply and value chains, will contribute to the fairness of globalisation and to long-term business success.

Through the sector dialogue, the members want to focus their abilities and resources. The dialogue is part of the implementation process of the National Action Plan on Business and Human Rights and a support offer from Germany's Federal Government. The main aim of the sector dialogue is to contribute to improving the human rights situation along the global supply and value chains of the German automotive industry. The focus is on the responsibility of companies to respect human rights by applying the core elements of due diligence in the field of human rights described in the NAP and integrating them in the operational management processes of companies in the automotive industry.

The sector dialogue has been set up as a multi-stage process. In a first stage, the stakeholders involved declare their intention to jointly implement the following work objectives until mid-2021:

- Development of a common understanding of sector-specific human rights risks along the global supply and value chains of the automotive industry as well as requirements for due diligence of the sector;
- The drafting and dissemination of implementation-oriented, sector-specific guiding principles for the integration of the NAP requirements on human rights due diligence (five core elements) into operational management processes;
- Agreement on suitable indicators and a possible process to enable companies to determine and disclose the effectiveness of applying the guiding principles in operational practice;

- Empowering and supporting medium-sized enterprises and suppliers of the automotive industry by exchanging ideas and identifying best practice-examples in order to implement due diligence requirements;
- Conception of joint pilot projects that aim to improve the human rights situation and have an impact on the ground, for example on specific raw materials or cross-company grievance mechanisms, through the cooperation of several actors.

The dialogue process and the achievement of the objectives of the first stage will be evaluated. In the second stage, the goal is to see the guiding principles applied by German automotive industry companies in the operational context, to implement the planned pilot projects and to strengthen the exchange of knowledge and experience among the stakeholders involved. In a third stage, the effectiveness of the application of the guiding principles and pilot projects as well as possible scaling up could also be reviewed. Decisions on the implementation of the second and third stages will be taken within the framework of the sector dialogue and the NAP follow-up process of the German Federal Government.

The German automotive industry acknowledges its responsibility to respect human rights wherever its companies operate. It reaffirms its clear will to actively face the complex challenges and do so to the best of its ability. Sustainable action and social acceptance are essential for companies to be and remain economically successful. Sustainable mobility requires respect for human rights. The management of the companies, associations, trade unions, civil society organisations, initiatives and the Federal Ministry of Labour and Social Affairs, which have signed the agreement, will work towards the above-mentioned goals and declare their intention to cooperate constructively in the sector dialogue¹.

III. Addendum for new members (as of 2022)

On June 29, 2022, the members of the Sector Dialogue Automotive Industry adopted the above-mentioned guidelines for the integration of due diligence requirements into business management processes, concepts for three pilot projects (raw material copper, raw material lithium and a cross-company grievance mechanism), as well as a corresponding vision and commitment on implementation².

The top management of the companies, associations, trade unions, civil society organisations and initiatives signing as of 2022, will also undertake to the objectives set out in the dialogue agreement as well as in the commitment on implementation. Furthermore, they declare their intention towards constructive cooperation within the Sector Dialogue.

¹ See attached document "Working basis".

² See the enclosed "Vision and Commitment on Implementation".

IV. Signatories



Federal Ministry
of Labour and Social Affairs

SECTOR DIALOGUE
Automotive Industry



Companies in the automotive industry



Aurubis
Metals for Progress



**BMW
GROUP**

BENTELER 
makes it happen

brose
Excellence in Mechatronics

 **CLARIOS**

Continental 




DRAXLMAIER



LUBRICANTS.
TECHNOLOGY.
PEOPLE. **FUCHS**



 **KIRCHHOFF**
AUTOMOTIVE

 **KNORR-BREMSE**

 **MAGNA**

Mercedes-Benz Group

Panasonic

 **REHAU** | Automotive

 **RHEINMETALL**

 **BOSCH**

Röchling

SCHAEFFLER

vitesco
TECHNOLOGIES

VOLKSWAGEN
AKTIENGESELLSCHAFT



Trade associations



Trade unions



Non-governmental organisations



Initiatives



German Institute for Human Rights

The dialogue agreement was first signed in 2020 by the then designated heads of the original member institutions.

The following organisations have since changed their name: Mercedes-Benz Group AG formerly Daimler AG; REHAU Automotive SE & Co. KG formerly REHAU AG & Co; Rheinmetall AG formerly Rheinmetall Automotive AG; UN Global Compact Network Germany formerly German Global Compact Network.

As the Sector Dialogue opened up to new members, the management of Aurubis AG, BASF SE, Panasonic Europe BV, Magna International (Germany) GmbH, Vitesco Technologies GmbH, IndustriALL Global Union and Responsible Supply Chain Initiative (RSCI) e.V. signed the agreement in 2022-2023.

The former member REHAU AG & Co. withdrew from the Sector Dialogue in 2023.