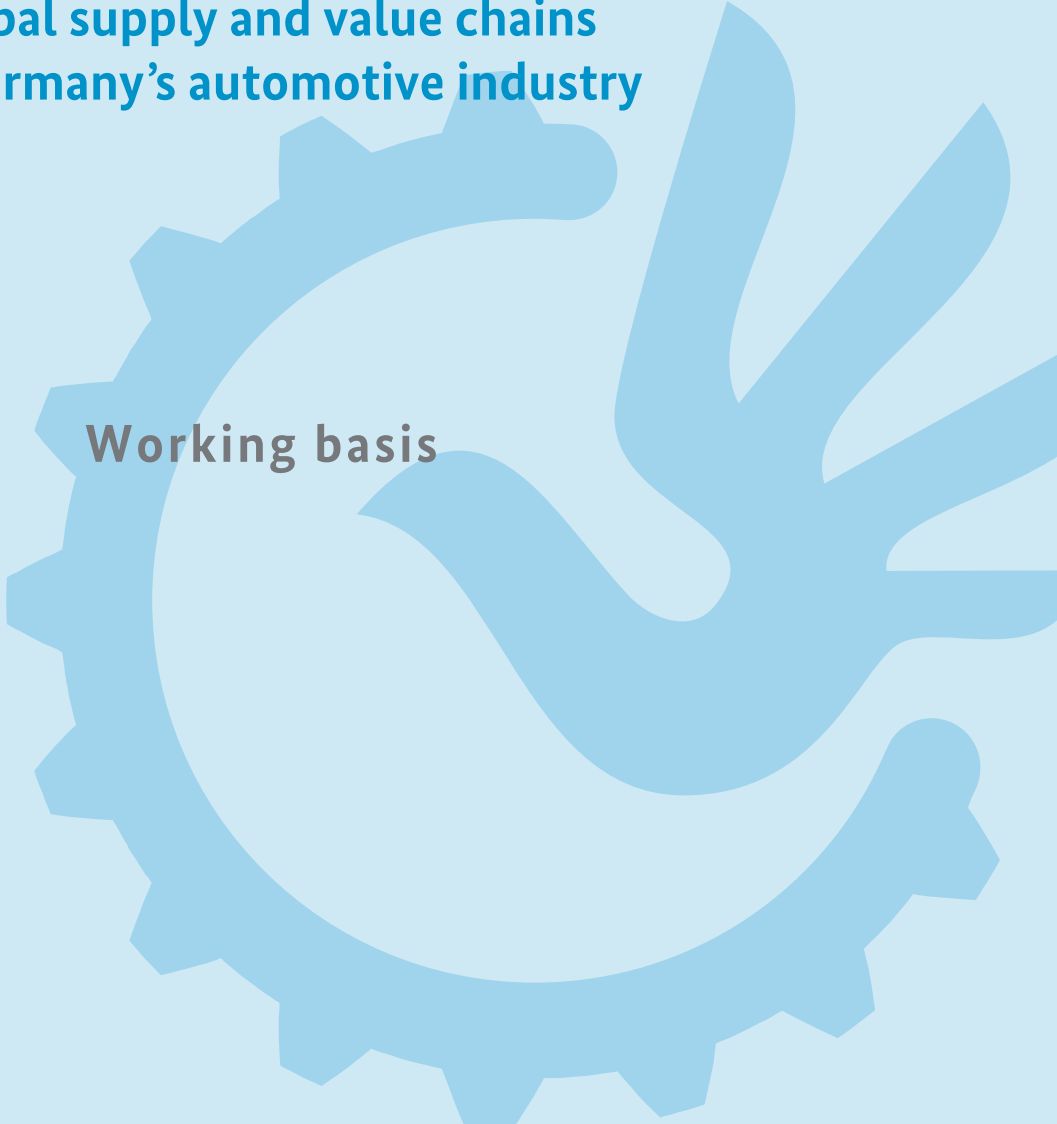


SECTOR DIALOGUE

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

Working basis



04 February 2020

1 Groups of actors

- (1) The sector dialogue is a multi-stakeholder forum consisting of relevant stakeholders from the automotive industry and civil society with expertise on human rights risks in the automotive supply and value chains. Its composition takes into account existing national and international initiatives already working on the human rights due diligence obligations specifically in the automotive industry.
- (2) The Federal Ministry of Labour and Social Affairs (BMAS) organises the overall process of the sector dialogue on behalf of the Federal Government. The BMAS takes an active role in moderating and ensures the following for the sector dialogue:
 - a. that it has the necessary staff and financial resources,
 - b. that it involves all relevant groups of actors,
 - c. that it meets the requirements of the NAP and the UN Guiding Principles and is compatible with developments on an international level,
 - d. that it guarantees a minimum level of reliability in processes and in planning.

The dialogue process is supported by an office set up by the BMAS.

- (3) Permanent full members are appointed by the BMAS and belong to the following groups of actors:
 - a. **Federal Ministry of Labour and Social Affairs**
 - b. **Companies in the automotive industry** that manufacture vehicles or vehicle components
 - c. **Trade associations** associated with the automotive industry
 - d. **Trade unions** associated with the automotive industry
 - e. **Non-governmental organisations** with expertise in the field of human rights risks in automotive supply and value chains

The participation of non-governmental organisations (NGOs) in the industry dialogue is supported by an NGO coordination office.
 - f. **Initiatives** related to the automotive industry and human rights
 - g. The **German Institute for Human Rights**

Participation is voluntary and without reimbursement. It is aimed at institutions, not individuals. NGOs can receive financial grants by arrangement with the BMAS.

- (4) Members of participating associations, initiatives and umbrella organisations are not automatically members of the sector dialogue.

As far as possible, the perspective of those with rights will be presented by NGOs and trade unions.

- (5) The membership of permanent full members is terminated by
 - a. Deletion of the organisation from the commercial register or its dissolution,
 - b. Written withdrawal of the organisation submitted to the BMAS with a notice period of four weeks,
 - c. Exclusion of the organisation due to repeated or serious violations of the objectives of the sector dialogue. The BMAS decides on exclusions in consultation with the group of members,
 - d. Termination of the sector dialogue.
- (6) The Federal Foreign Office and the Federal Ministry for Economic Cooperation and Development are participating in the industry dialogue as observers.
- (7) Other actors with specific regional or professional expertise may be involved as needed. These include, for example, representatives of other federal ministries, federal authorities, leading national and international business associations, national and international trade unions or trade union federations, national and international NGOs, chambers of commerce abroad, embassies, academic institutions, suppliers from other sectors or countries, and those locals with rights.

Permanent full members may propose that other stakeholders participate in the work on specific occasions. Participation is by invitation of the BMAS.

Participation is voluntary and without reimbursement. In individual cases, expenses can be reimbursed by the BMAS by arrangement.

2 Mode of operation

- (1) The sector dialogue will be conducted in the following formats:
 - a. Meetings of the members,
 - b. Issue-specific working groups,
 - c. Small preparatory groups,
 - d. Occasion-specific events.

The BMAS ensures that the quality of the moderating is professional and methodical.

External service providers giving additional support for individual tasks of the sector dialogue can be commissioned by the BMAS. Permanent full members may propose involving external service providers.

- (2) The meeting of members is the central dialogue forum and decision-making body. Exceptions are regulated under 3 (4).

The meetings of members take place regularly and are not open to the public. All permanent full members are entitled to participate. The aim is to meet every two months.

The members can decide in their meetings to set up working groups and small preparatory groups.

- (3) Working groups can be set up to deal with specific tasks, issues and content in greater depth.

Permanent full members participate in the working groups. If possible, all groups of actors should be represented. If necessary, other stakeholders with specific expertise can be involved.

The meetings of working groups are not public.

- (4) Small groups are used to prepare the meetings of the members and working groups.

The small preparatory groups usually have a maximum of ten participants. Wherever possible, there should be a balanced composition of the groups of stakeholders.

The meetings of the small preparatory groups are not public.

- (5) Invitations to meetings of members, working groups and small groups are usually issued at least six weeks in advance. An agenda and preparatory documents are sent to the respective members at least two weeks before the meetings. The main contents of the meetings are recorded in minutes.
- (6) Other public or non-public events can be held as required.

3 Decision making

- (1) Decisions, with the exception of those listed under 3 (4), are made during meetings of members. Each permanent full member has one vote. Attendance at the decision-making meeting of the members is a prerequisite for voting. The NGO stakeholder group is an exception to this rule. In the event that they cannot attend, NGOs may delegate

their vote to an NGO that is a permanent full member or instruct the NGO coordination unit on how to cast their vote.

- (2) Decisions at meetings of members are reached by consensus. This also includes the establishment of working groups and small preparatory groups. Abstentions are possible and do not count as votes against a proposal. Reasons for the abstentions of individual members can be noted in writing at the request of the respective member.
- (3) Working groups, small preparatory groups and the BMAS can submit drafts for decisions to the meetings of members.
- (4) The following decisions are not made by the meeting of members:
 - a. Decisions entailing financing from the federal budget are made by the BMAS,
 - b. Decisions on the invitation and exclusion of permanent full members and the invitation of stakeholders with specific regional or professional expertise are made by the BMAS,
 - c. Decisions on the exclusion of permanent full members are taken by the BMAS in consultation with the members.

4 Participants and cooperation

- (1) The permanent full members ensure continuous participation in the dialogue process. To ensure this, they appoint a person authorised to take decisions as well as a deputy. Other employees of the permanent full members who have specific expertise may be involved as required.
- (2) The permanent full members are committed to the following principles of cooperation:
 - a. all members participate actively and constructively in the sector dialogue,
 - b. persons involved prepare for meetings and have sufficient expertise,
 - c. participating companies create as much transparency as possible with regard to their own human rights due diligence obligations,
 - d. specific information obtained exclusively in the sector dialogue will not be used against stakeholders in the sector dialogue or to gain competitive advantage
- (3) All stakeholders involved in the sector dialogue are committed to cooperation based on trust. In particular, they declare that no statements made by individual stakeholders will be passed on under the name of the respective stakeholder. This applies to all meetings, events, telephone conferences, webinars and other formats unless otherwise agreed in individual cases. Any agreement deviating from this must be set down in writing.

- (4) The work of the sector dialogue is carried out in compliance with the relevant provisions of antitrust law. The permanent full members undertake to observe and comply with all antitrust regulations when conducting the sector dialogue. In particular, the members shall ensure that only such information is exchanged which is necessary for the conduct of the sector dialogue and that no exchange of sensitive competitive information takes place.
- (5) Other stakeholders with specific regional or professional expertise as well as external service providers with contact to potentially relevant topics under antitrust law will be made aware of the obligation to comply with the provisions of antitrust law in an appropriate manner.
- (6) The BMAS gets advice on the sector dialogue from external lawyers with expertise in antitrust law, and it makes the results of this available to the sector dialogue. It does not itself provide legal advice to the sector dialogue. Each stakeholder remains solely responsible for monitoring whether its own actions comply with the requirements of antitrust law.

5 Issue-based work

- (1) The issues to be dealt with in detail by the stakeholders in the sector dialogue are determined by the permanent full members within the framework of the dialogue.
- (2) The following aspects should be taken into account when working on individual issues:
 - a. the handling of challenges is actively addressed; not only the best practices are listed,
 - b. the search for opportunities for cooperation with other industries, especially on supply chain issues and challenges that are not specific to the automotive industry,
 - c. the consideration of challenges and approaches for the implementation of human rights due diligence in complex, non-linear supply relationships (keywords: supply chain networks and tier n issues).

6 Communication and public relations

- (1) The BMAS coordinates central public relations work for the sector dialogue and provides modules and templates for individual reporting by the permanent full members. The BMAS is supported by an external service provider in this.

- (2) In its public relations work on events and results of particular importance to the sector dialogue, the BMAS informs the permanent full members well in advance and involves them as required.
- (3) Communication about the stakeholders' own participation in the sector dialogue within the framework of general public relations and communication and sustainability communication and reporting by the involved stakeholders themselves is permissible and desirable.
- (4) The body of knowledge generated in the course of the sector dialogue is recorded and processed by the BMAS.
- (5) The stakeholders involved are not permitted to pass on confidential dialogue information or report in the context of product-related communication or advertising.

7 Changes to the dialogue agreement and working basis

Amendments to the dialogue agreement and the working basis require a decision by the member group.

8 Legal claims and contractually binding effect

By signing the dialogue agreement, the signatory stakeholders declare their intention to cooperate in the sector dialogue. No legal claims against the signatory companies, associations, trade unions, civil society organisations or the Federal Ministry of Labour and Social Affairs can be derived from it or this working basis. Neither the dialogue agreement nor this working basis is contractually binding.