

2015 AIAG Global Automotive Corporate Responsibility Survey

April 29, 2015



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Overview



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- This **2015 AIAG Global Automotive Corporate Responsibility Survey** is designed to measure opinions, action and opportunities on key corporate responsibility (CR) issues facing the automotive industry and related sectors.
- The results are based on **responses from 305 professionals in 28 countries working on corporate responsibility in automotive, manufacturing and other industries**. They represent companies large and small—primarily OEMs and suppliers—about half of which are AIAG members. (See the Methodology section for more details.)
- The results are released in conjunction with the **2015 AIAG Corporate Responsibility Summit**, an annual gathering of CR and sustainability professionals in AIAG’s membership and beyond.



Executive Summary



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- **Overall, companies are more informed on CR issues compared to 2014, with significantly less “don’t know” responses in 2015.**
- **Asked for the first time in 2015, respondents said those entering the automotive workforce need more training to replace the maturing workforce.**
 - Only about 20% view the younger workforce as adequately trained, about 45% are indifferent, and about 35% see the younger workforce as not at all adequately trained.
 - Outlook on workforce training differs based on where the company is headquartered. Significantly more companies headquartered outside of the U.S. believe that the new workforce is adequately trained, compared to companies headquartered in the U.S. (25% vs. 14%).

- **Significantly more companies say they don't have sufficient data to benchmark their operations in energy use, water use, waste and air emissions.**
 - Revenue levels impact benchmarking data: companies with revenues of more than \$5B are significantly more likely to have sufficient data to benchmark energy use, GHG emissions and air emissions, compared to companies with revenue less than \$500M.
- **In line with 2014 data, nearly six in 10 companies can demonstrate that they do not use forced labor in the supply chain.**

- **Nearly 80% of companies do have a policy or expectation regarding responsible working conditions.**
 - Revenue impacts the prevalence of these policies: significantly more high revenue companies (\$5B or more) report having this policy or expectation compared to lower revenue companies (less than \$500M).
- **Compared to 2014, significantly more companies report having a policy or process in place to comply with conflict minerals reporting requirements (46% in 2014 compared to 57% in 2015).**
 - Significantly more AIAG members have a policy or process in place, compared to non-AIAG members.
 - Revenue can also influence having a policy or process in place for conflict minerals reporting, as significantly more companies with revenue of \$5B or more have a policy in place to comply with this reporting, compared to companies with revenue less than \$5B.

- **While 30% of companies do produce a corporate responsibility report (in line with 2014), there was a significant decrease in the number of companies that view CR reporting as a significant priority.**
- **There was also a significant decrease in the number of companies that don't know if they produce a CR report, and a significant increase in the number of companies that do not produce a CR report and have no plans to.**
 - 58% of companies view CR reporting as a significant priority in the next 12 months, down significantly from 67% in 2014.
 - Revenue has a significant impact on CR reporting: 67% of companies with revenue of \$5B or more produce a CR report, compared to 39% of companies with revenue between \$500M and \$5B, and 10% of companies with revenue less than \$500M.
 - Significantly more AIAG members produce CR reports than non-members.



Detailed Findings



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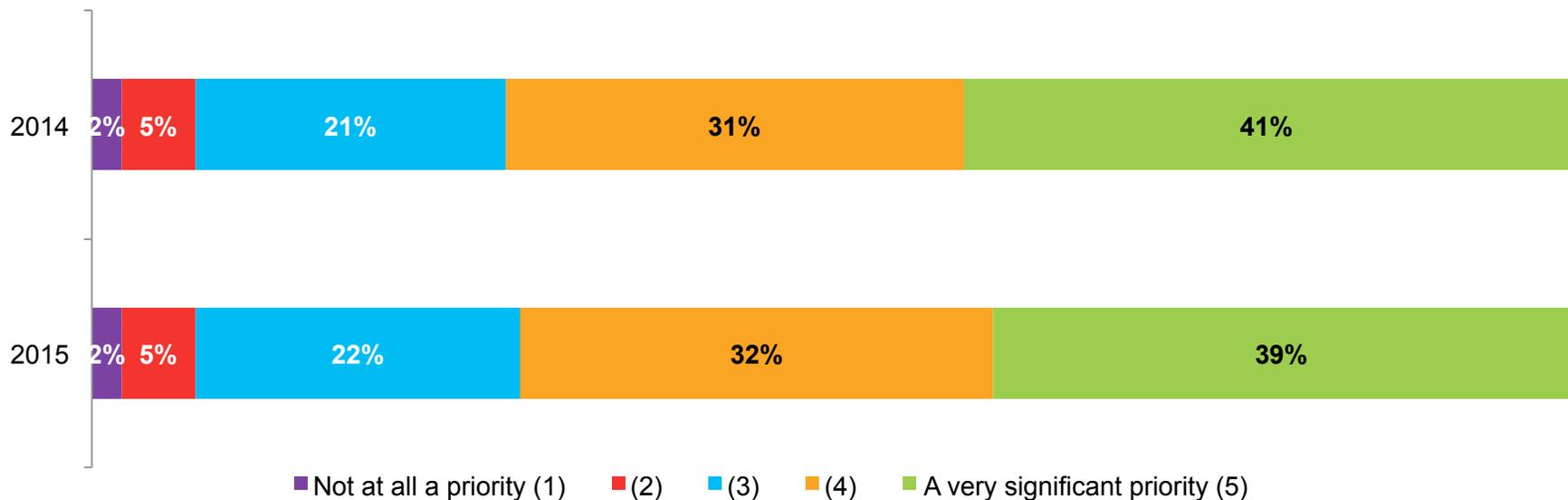
Corporate Responsibility Priorities



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CR remains a significant priority for more than 7 out of 10 companies



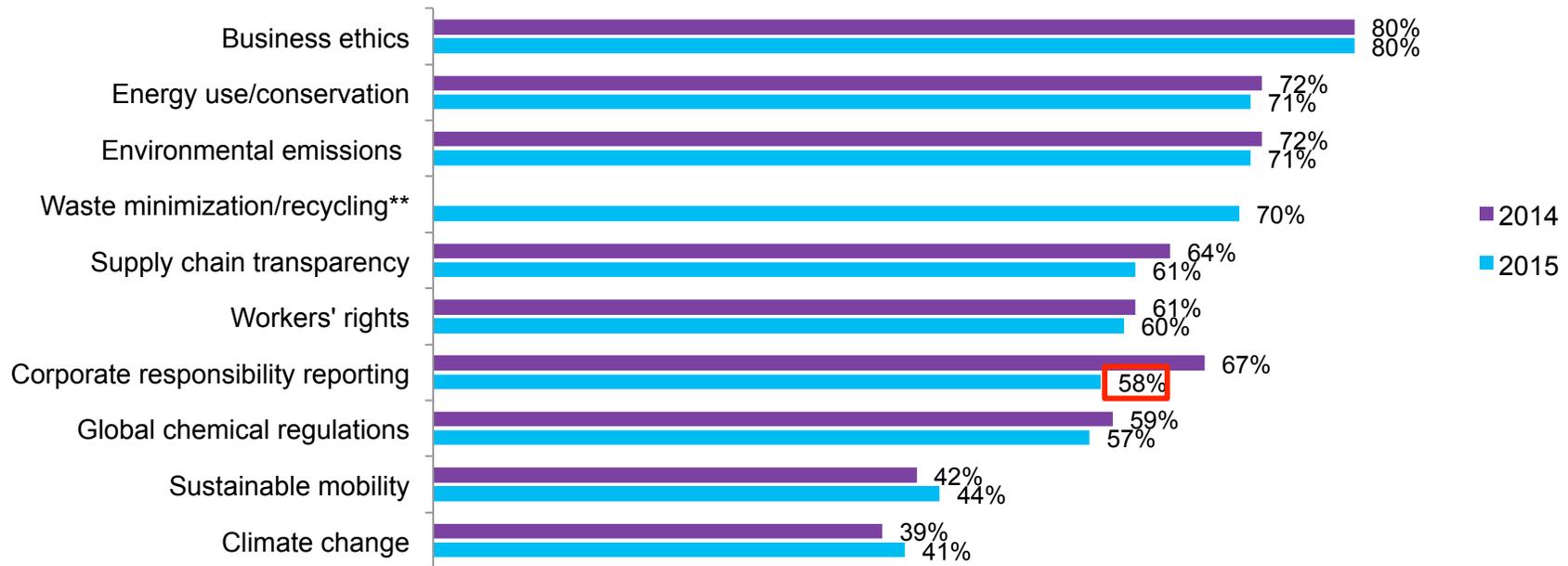
Continuing a trend seen in 2014, corporate responsibility is significantly more important for higher revenue companies: 86% of companies with \$5B or more in revenue CR as a significant priority, compared to 69% of companies with \$500M to less than \$5B in revenue and 62% of companies with revenue less than \$500M.

Q: In your opinion, how much of a priority is corporate responsibility at your company? (5-point scale where 1 is “not at all a priority” and 5 is “a very significant priority.”)



Top Priorities: Business ethics, energy use and environmental emissions

Percentage of respondents identifying an issue as a “significant priority”*



Similar to 2014, with the exception of workers’ rights, all issues are a higher priority for companies with revenue of \$5B or more, compared to companies with revenue of less than \$500M.

In general, these issues are a higher priority for OEM and Tier 1 suppliers compared to Tier 2 and below suppliers.

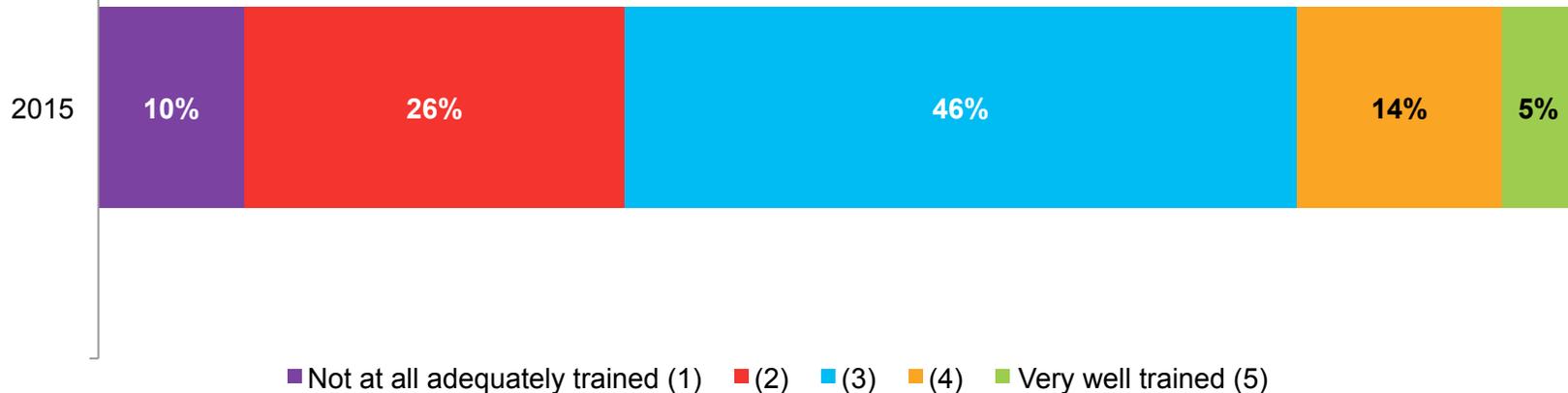
* Percentage of respondents who selected 4 or 5 on a 5-point scale where 1 is “not at all a priority” and 5 is “a very significant priority.”

** asked for the first time in 2015.

Q: In the next 12 months, how much of a priority are each of the following issues for your company’s corporate responsibility efforts?



More than one-third of respondents view those entering the automotive workforce as not adequately trained



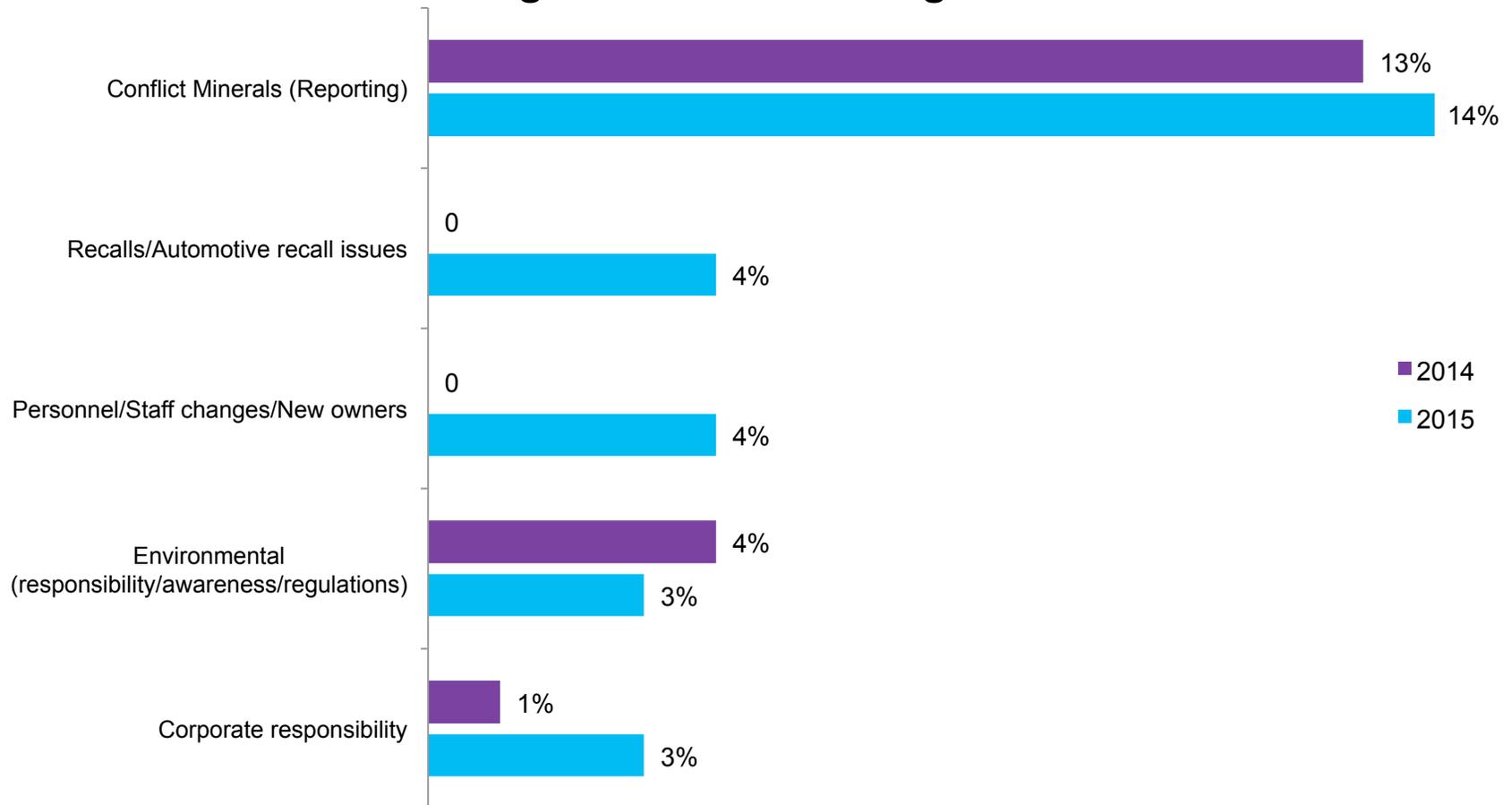
Companies headquartered outside the U.S. are significantly more likely to feel that the entering automotive workforce is adequately trained, compared to those headquartered in the US (25% vs. 14%). However, these numbers are fairly low, so the finding still holds that the incoming workforce could use more training.

Note: asked for the first time in 2015

Q: To what degree are those entering the automotive workforce today adequately trained to replace its maturing, soon-to-be-retired workers? (5-point scale where 1 is “not at all adequately trained” and 5 is “very well trained”)



Conflict minerals reporting still most significant event, while recalls and staff changes have become significant events



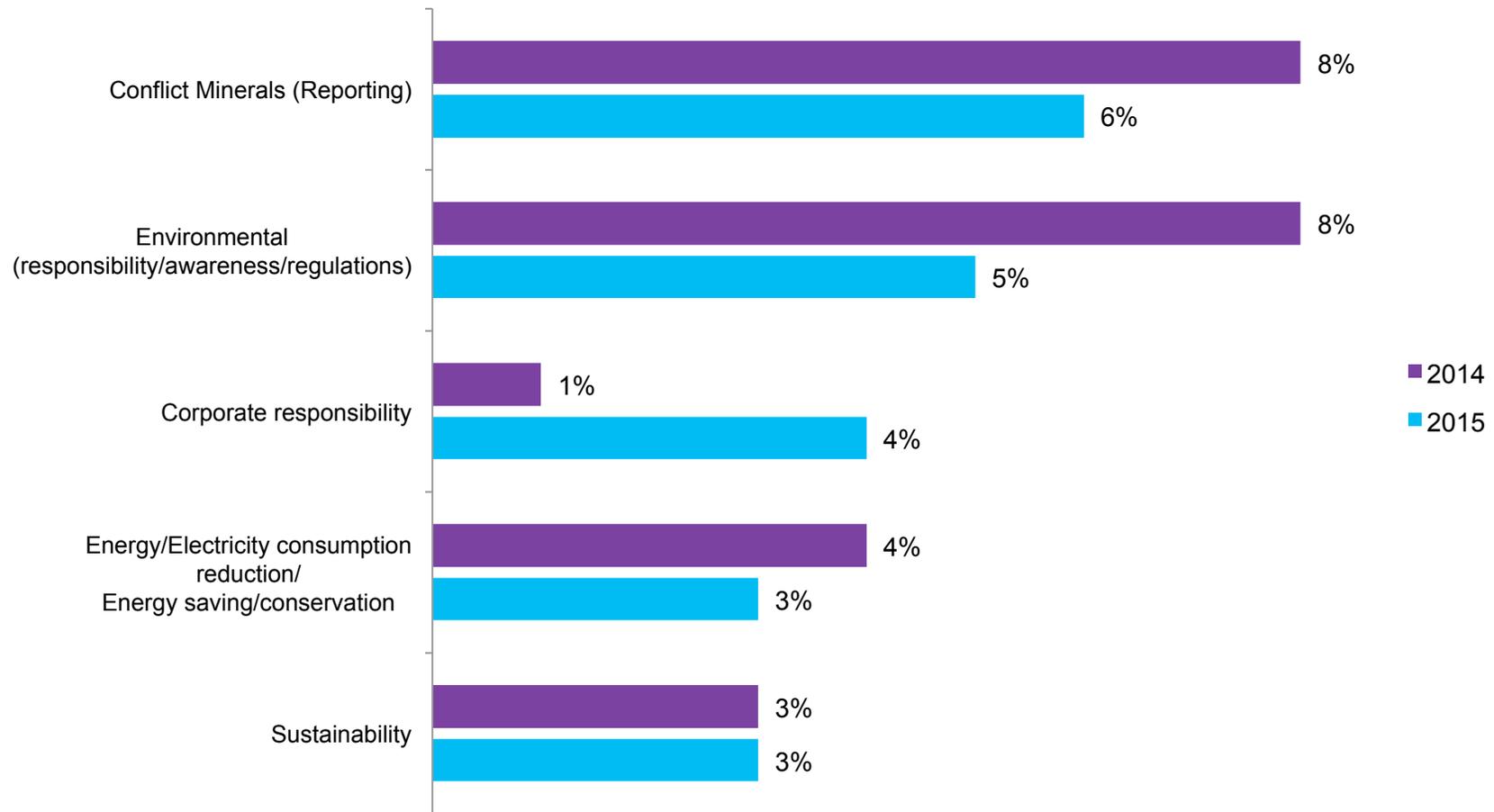
*Percentage of respondents who provided an open-ended response, which was then coded into categories.

Q: Over the past 12 months, what has been the most significant development, event, or other news in the corporate responsibility field to affect your company?

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Conflict minerals reporting and environmental issues remain the most significant developments expected in the next 12 months



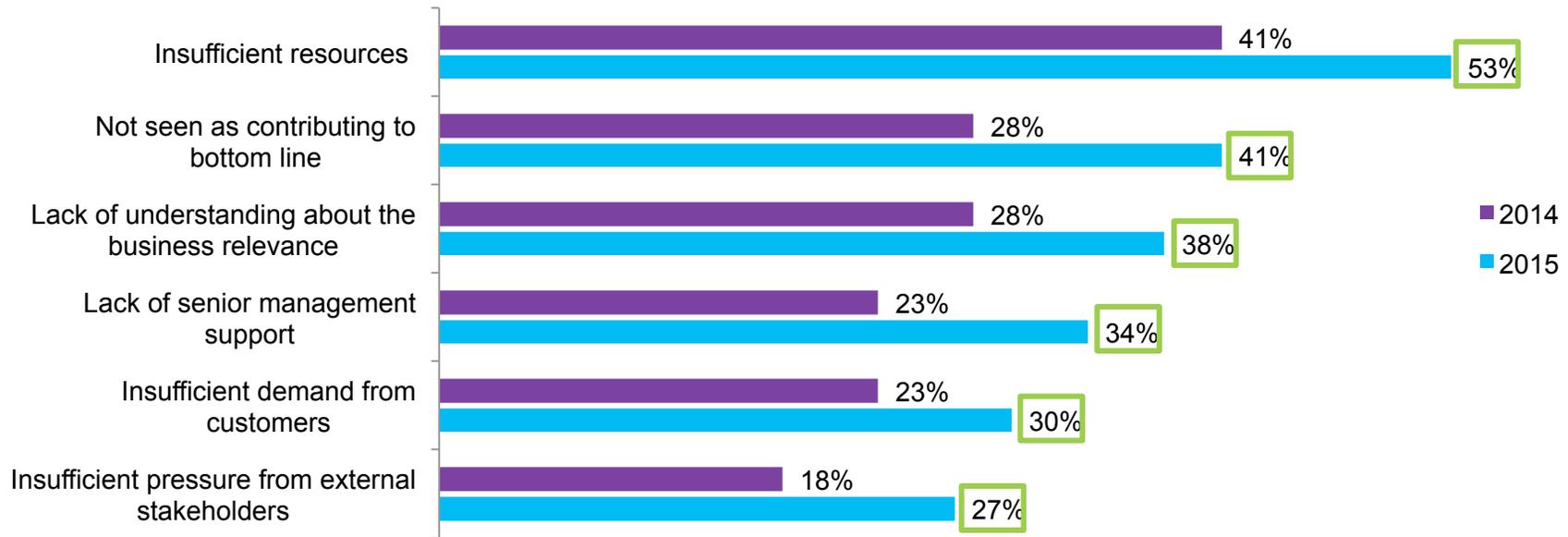
*Percentage of respondents who provided an open-ended response, which was then coded into categories.

Q: Over the next 12 months, what do you think will be the most significant development in the corporate responsibility field to affect your company?



All barriers increased significantly, with insufficient resources still on top

Percentage of respondents identifying an issue as “a significant barrier”*

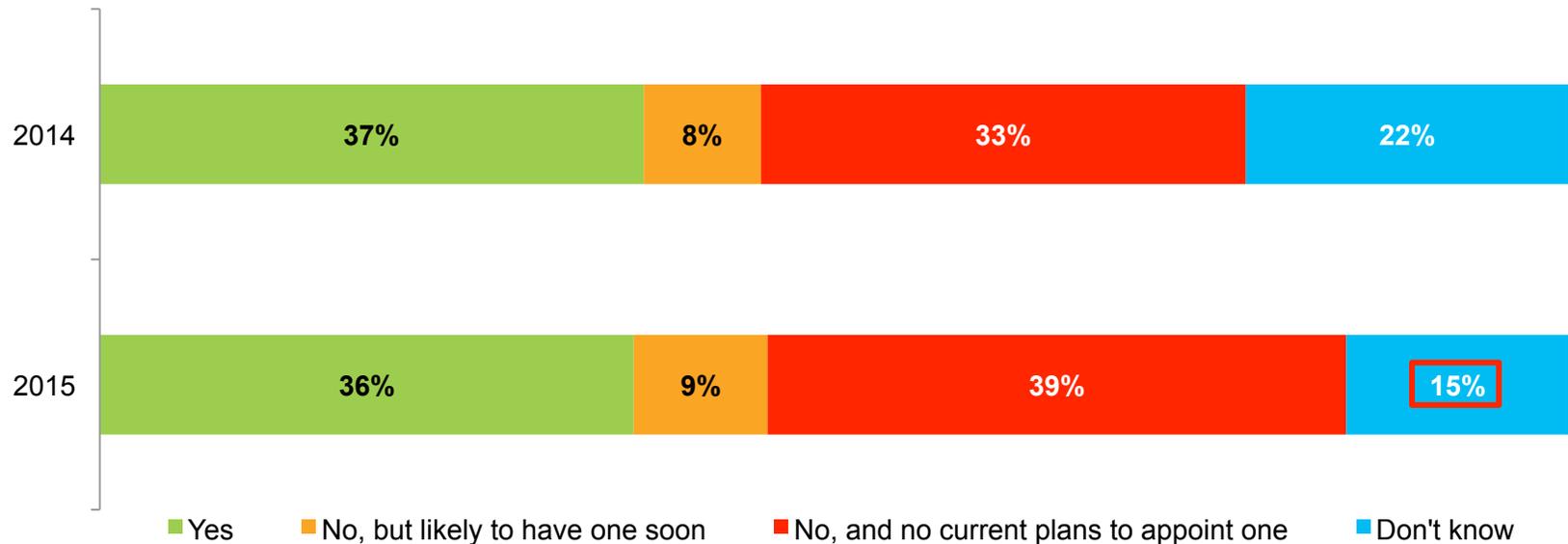


* Percentage of respondents who selected 4 or 5 on a 5-point scale where 1 is “not at all a barrier” and 5 is “a very significant barrier.”

Q: To what degree are each of the following a barrier to integrating corporate responsibility into the core of your business? (5-point scale where 1 is “not at all a barrier” and 5 is “a very significant barrier.”)



While the percent of companies with no CSO is unchanged, significantly less do not know if they have one



Companies with higher revenues are more likely to have a Chief Sustainability Officer: 59% of companies with revenue of \$5B or more have a CSO, compared to 33% of companies with revenue between \$500M and \$5B and 19% of companies with revenue less than \$500M.

Q: Is there a chief sustainability officer or similar executive level position at your company? (select one)

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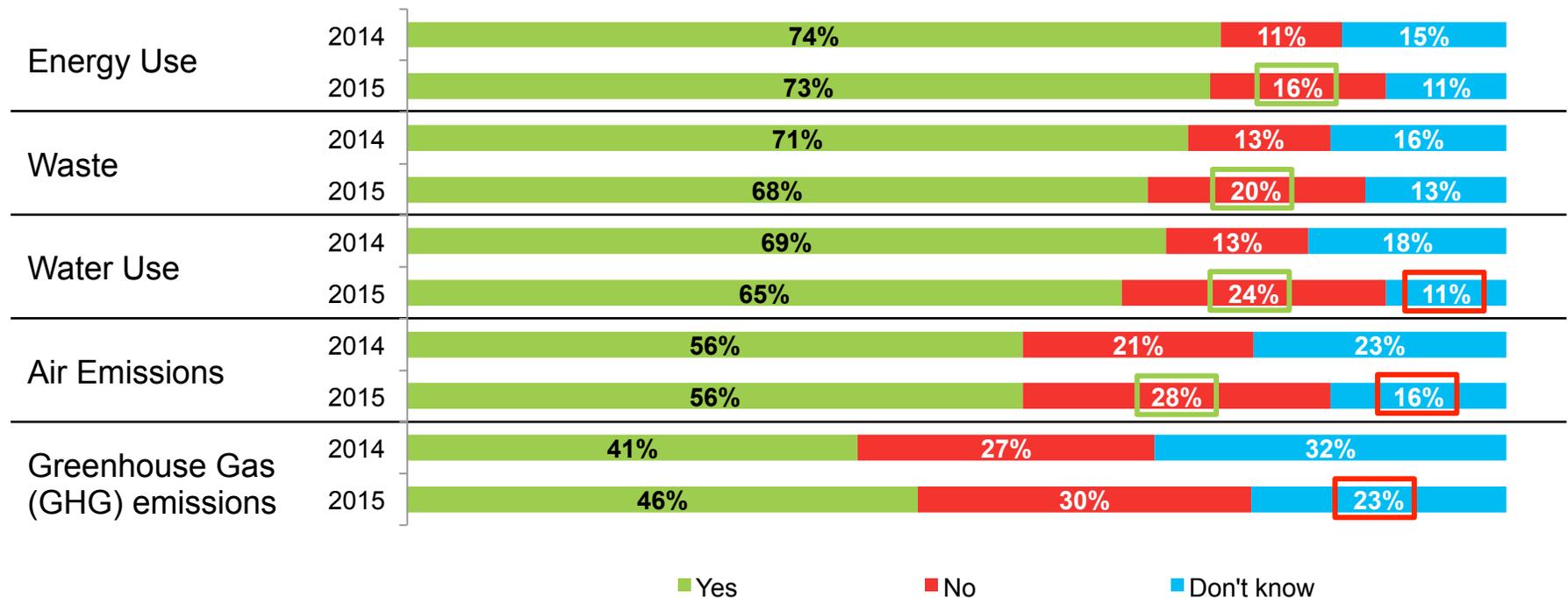
Environmental Sustainability



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More companies do not have enough data to benchmark operations



Revenue levels impact benchmarking data. Compared to companies with revenue of less than \$500M, companies with revenues of more than \$5B are more likely to have sufficient data to benchmark energy use, GHG emissions and air emissions.

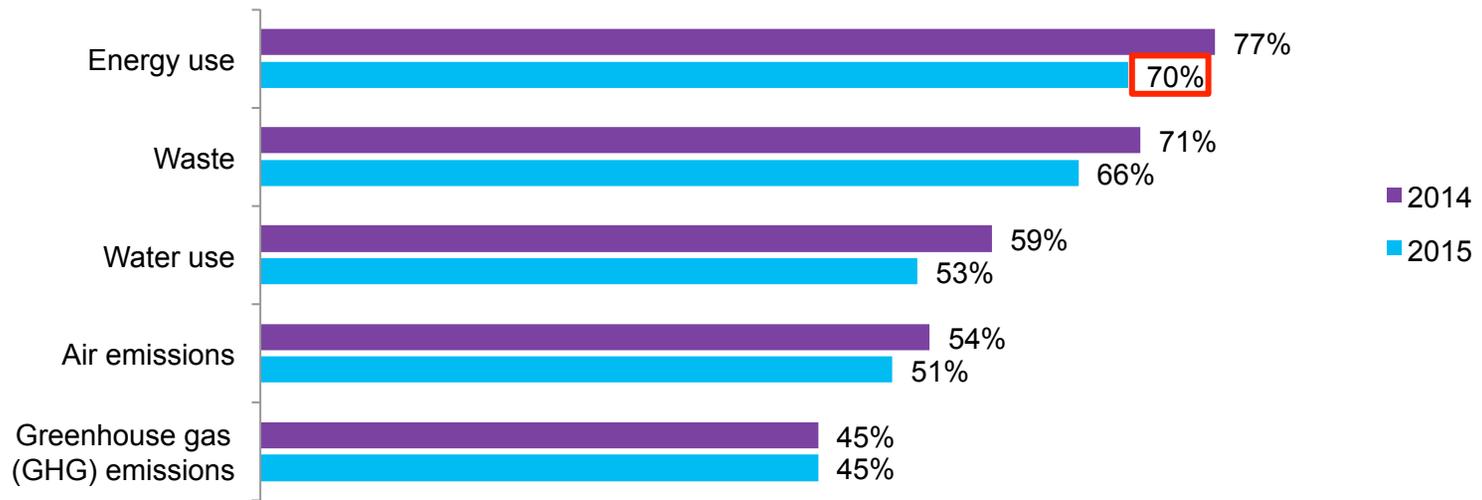
Q: Does your company have sufficient data to benchmark your operations in the following areas?

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Reducing energy use dropped in importance

Percentage of respondents identifying an area as “important”*



Year-over-year, water use and energy use have decreased in importance for companies headquartered in the U.S.

Across all five areas, meeting reduction goals is significantly more important for OEMs compared to Tier 2 and below suppliers.

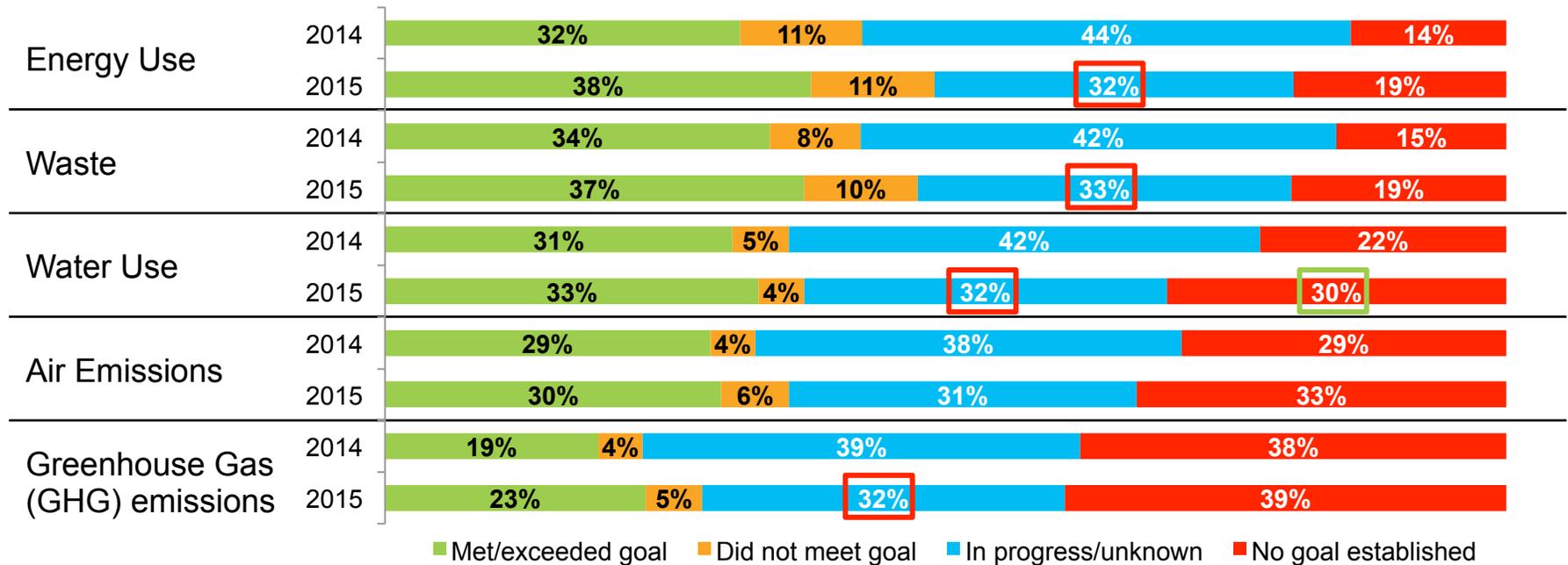
Meeting water use, waste, GHG emissions and air emissions reduction goals are significantly more important for companies in the automotive industry, compared to the manufacturing industry.

* Percentage of respondents who selected 4 or 5 on a 5-point scale where 1 is “not at all a important” and 5 is “very important.”

Q: How important is it to your company to meet reduction goals in each of the following areas? (5-point scale where 1 is “not at all important” and 5 is “very important.”)



Less companies say measurement is in progress or unknown



Compared to the automotive industry, companies in the manufacturing industry are more likely to have no goals established. Similarly, compared to OEMs and Tier 1 suppliers, Tier 2 and below suppliers.

Q: For the most recent point at which you measured progress, how did your company perform against your reduction goals in each of the following areas?

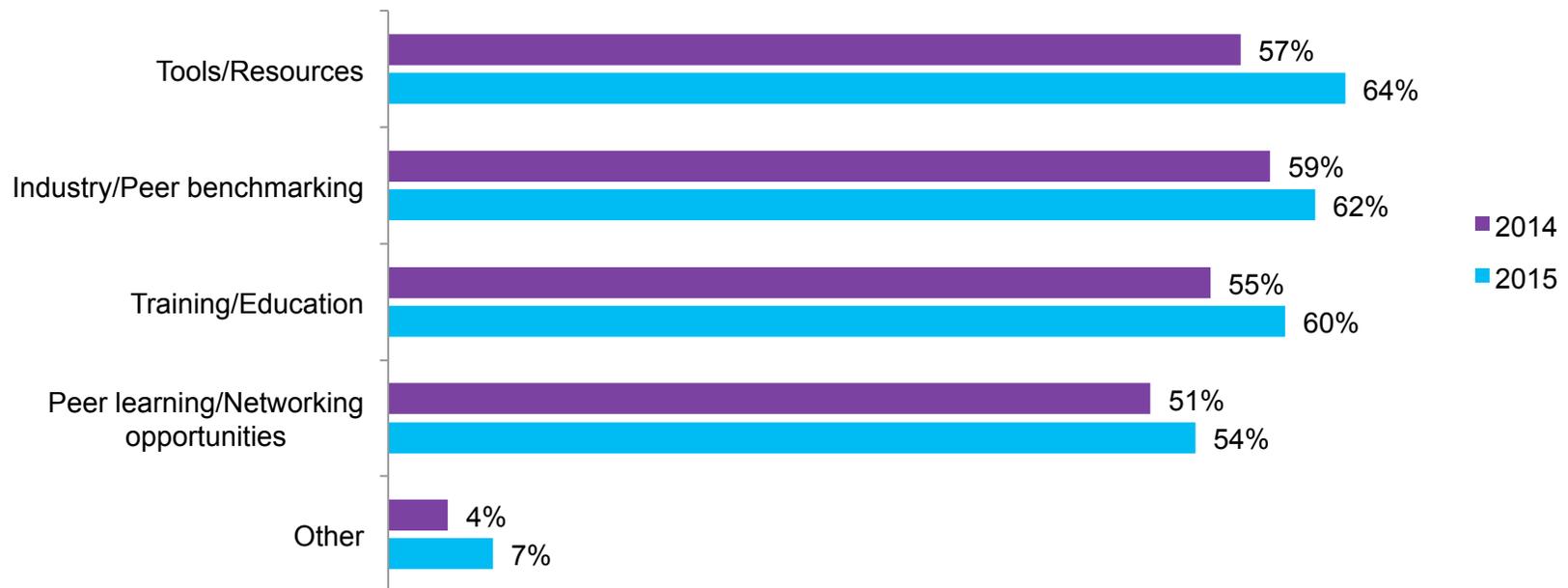


Helpfulness of Support from AIAG to Meet Environmental Sustainability Goals



Tools/resources and industry/peer benchmarking still most helpful

Percentage of respondents identifying type of support as “helpful”*



* Percentage of respondents who selected 4 or 5 on a 5-point scale where 1 is “not at all helpful” and 5 is “very helpful.”

Q: In meeting your company’s environmental sustainability goals, how helpful is it, or would it be, to have the following support from AIAG? (5-point scale where 1 is “not at all helpful” and 5 is “very helpful.”)

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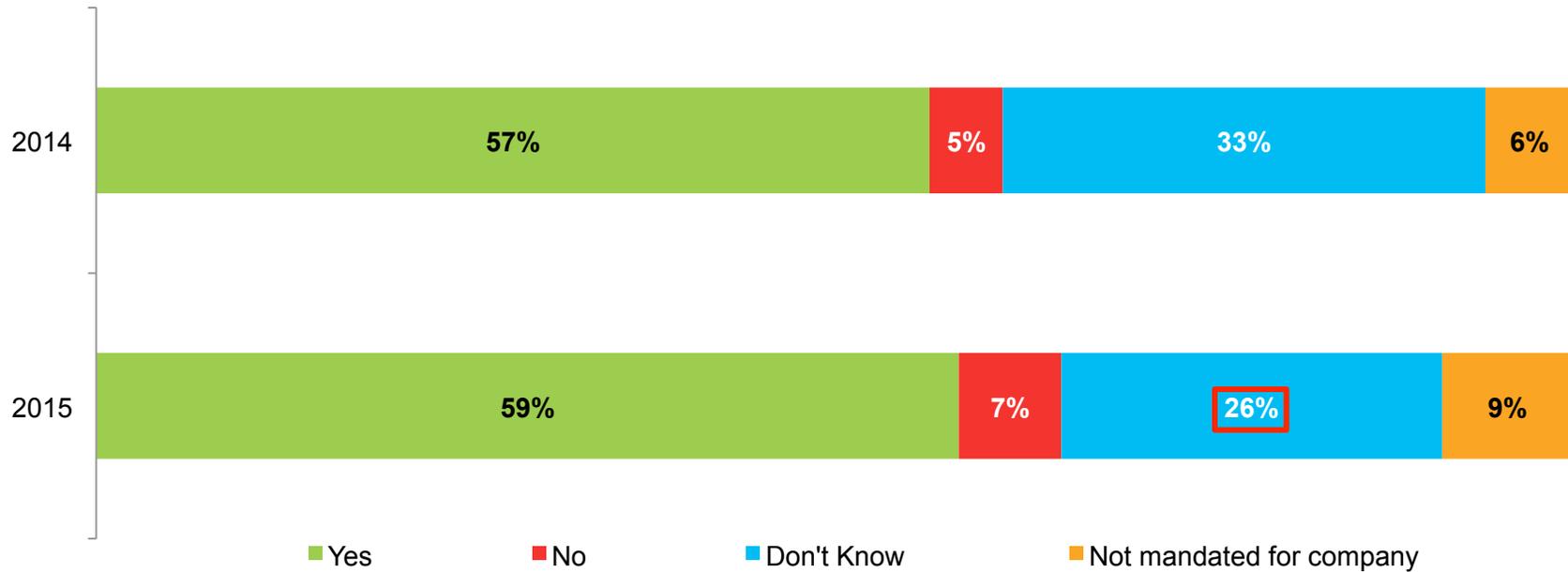
Social Responsibility



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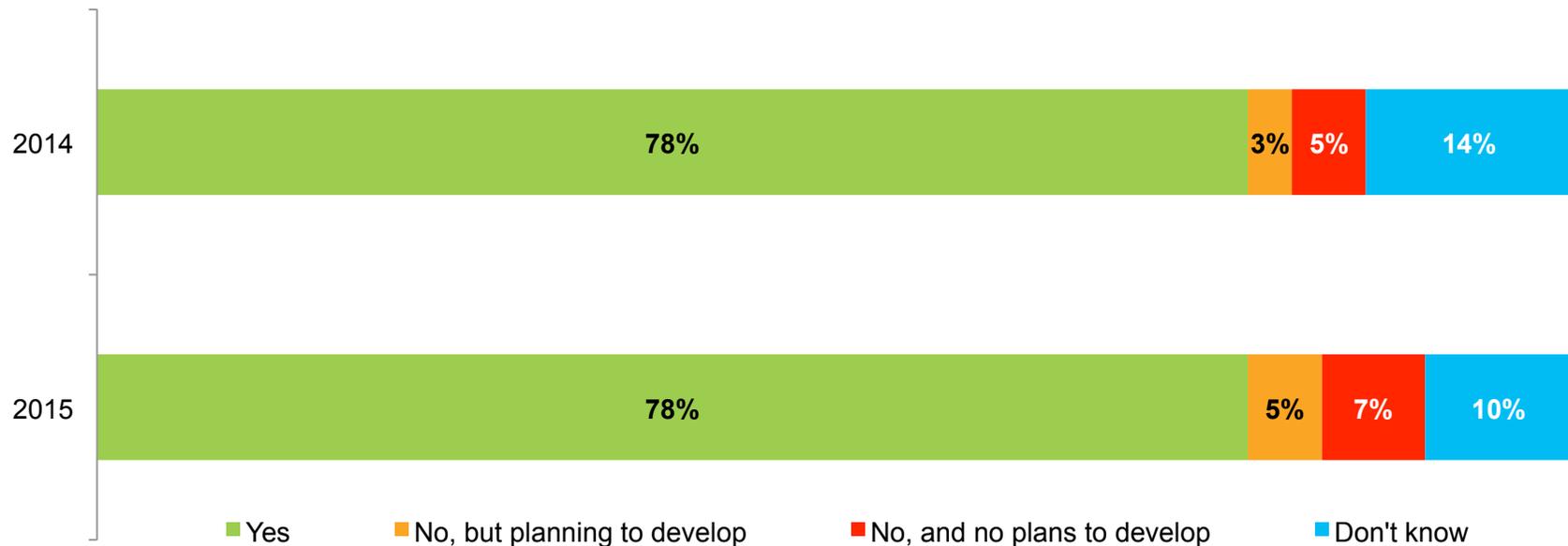
Significantly fewer companies do not know if they can demonstrate no use of forced labor in their supply chain



Q: If mandated, can your company demonstrate that there is no use of forced labor or trafficked labor in your supply chain? (select one)



More than 8 in 10 companies have policies or expectations on responsible working conditions, unchanged from 2014



Higher revenue companies (\$5B or more) are more likely to have policies/expectations for responsible working conditions, compared to lower revenue companies (less than \$500M).

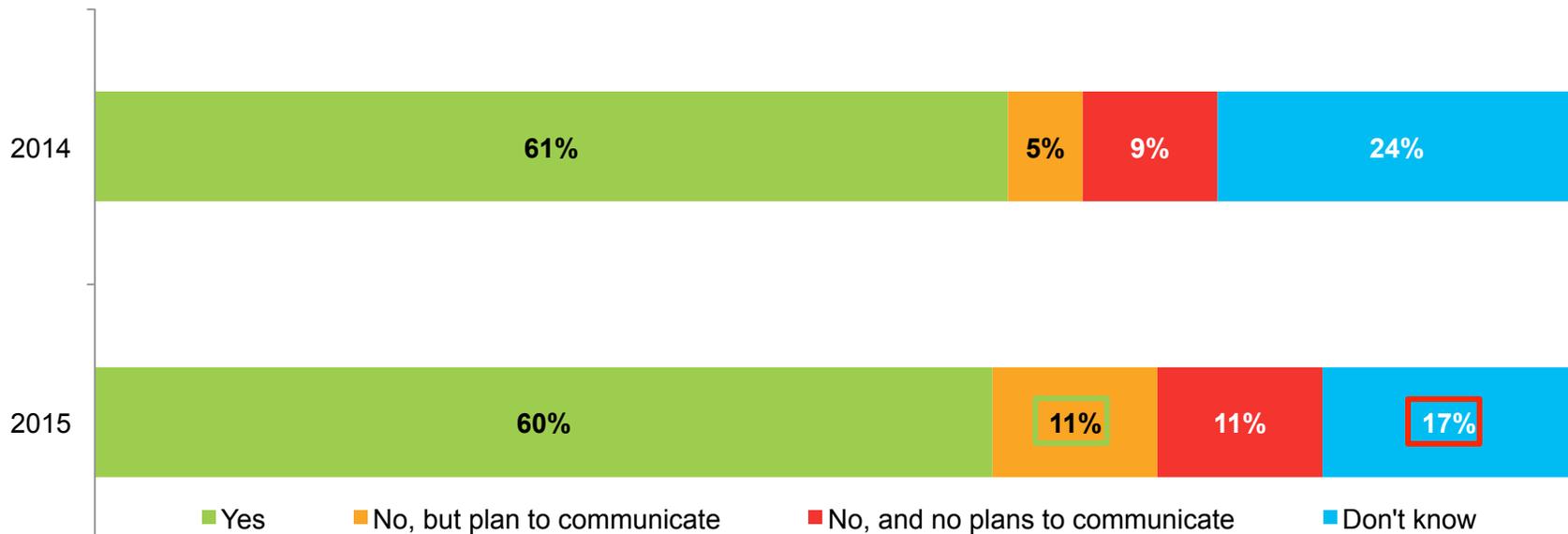


Working Conditions Policy/Expectations Communicated to Suppliers



Less companies do not know if they have communicated policies for responsible working conditions to suppliers, but more plan to

Companies who have a policy/expectation regarding responsible working conditions (2014 n=432, 2015 n=237)



Companies with revenues of \$500M or more are more likely to have communicated these policies, compared to companies with revenues of less than \$500M.

OEMs are significantly more likely to have communicated these policies compared to Tier 1 and Tier 2 and below suppliers.

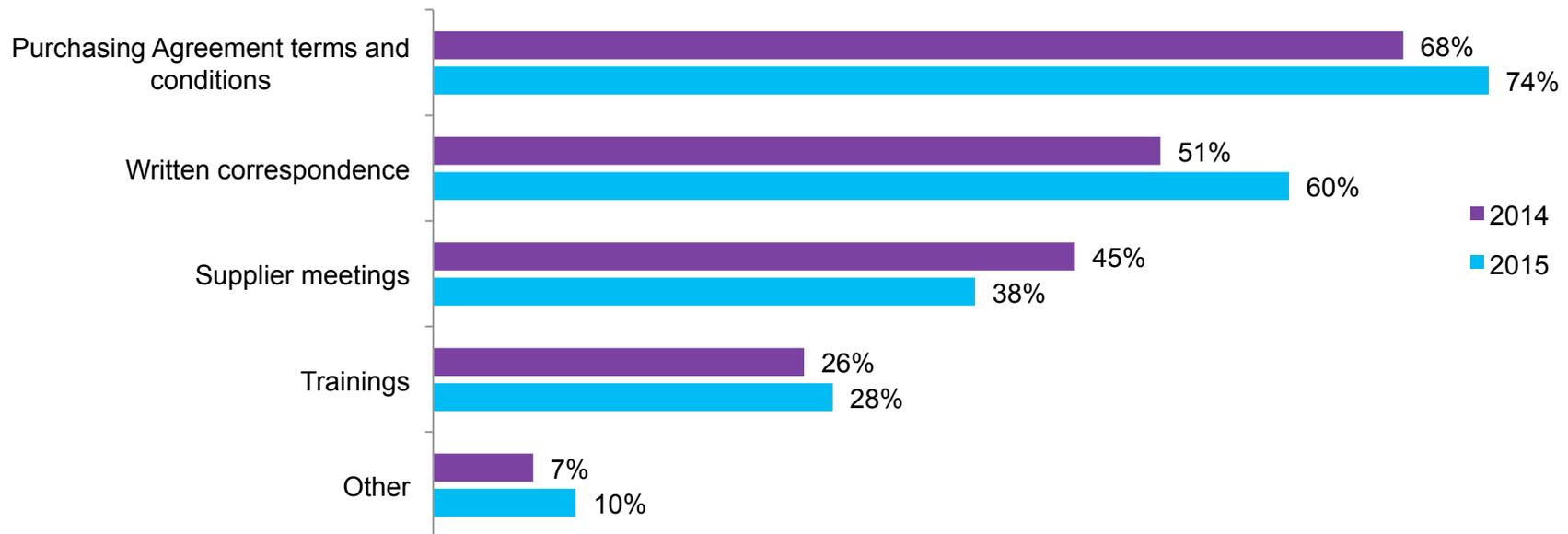
Q: Has your company communicated, to your Tier 1 suppliers and below, its policies and expectations for responsible working conditions? (select one)

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Nearly three-fourths of companies use purchasing agreement terms and conditions, still the most used method

Companies who have a policy/expectation regarding responsible working conditions and have communicated with suppliers (2014 n=265, 2015 n=143)



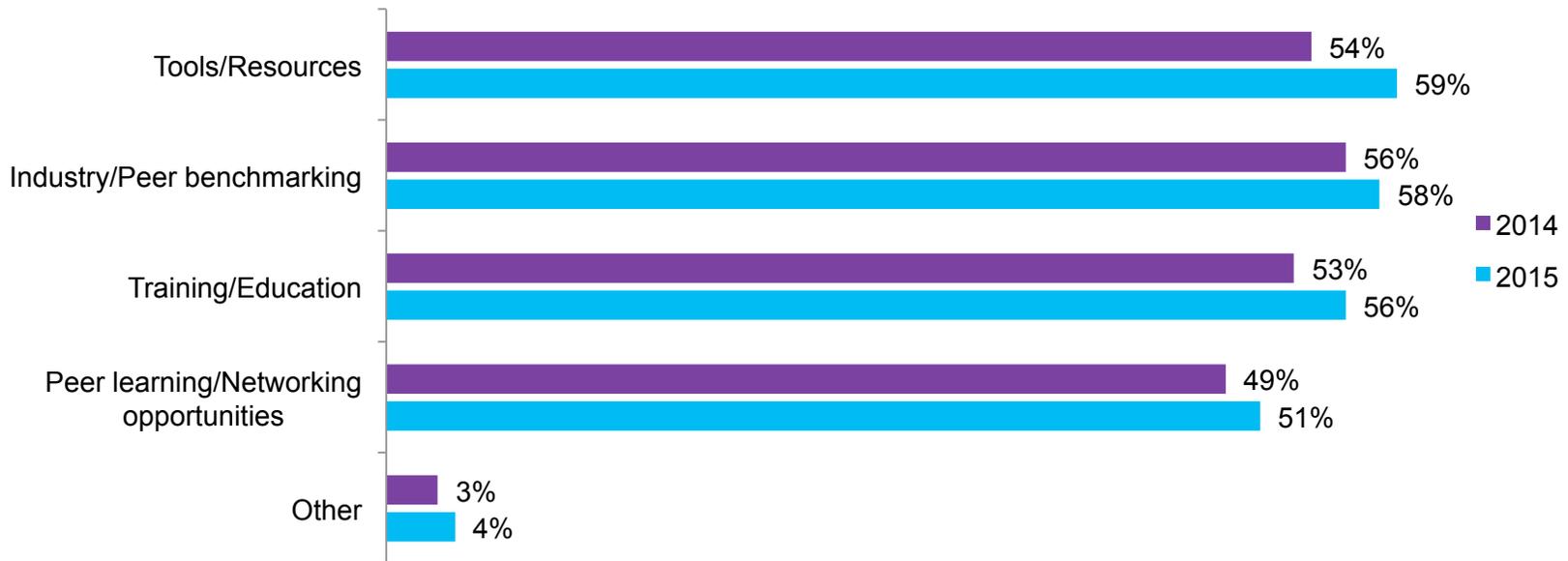
Q; How was this information communicated? (check all that apply)

Helpfulness of Support from AIAG to Meet Social Responsibility Goals



Tools/resources and industry/peer benchmarking still most helpful

Percentage of respondents identifying type of support as “helpful”*



Compared to non-AIAG members, AIAG members view the following attributes as significantly more helpful: Peer learning/Networking opportunities, Training/Education, and Industry/Peer Benchmarking.

* Percentage of respondents who selected 4 or 5 on a 5-point scale where 1 is “not at all helpful” and 5 is “very helpful.”

Q: In meeting your company’s *social responsibility* goals, how helpful is it, or would it be, to have the following support from AIAG? (5-point scale where 1 is “not at all helpful” and 5 is “very helpful.”)





Conflict Minerals



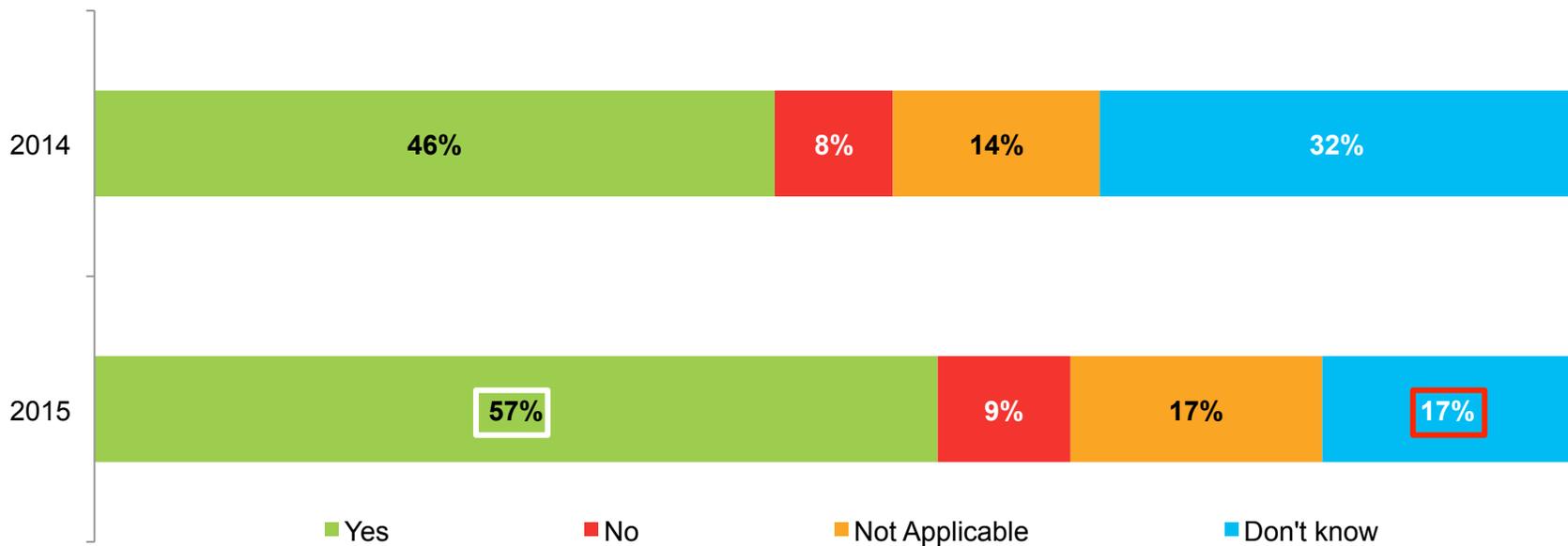
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Policy or Process to Comply with Conflict Minerals Reporting Requirements



Significantly more companies have a policy or process to comply with conflict minerals reporting requirements



AIAG members are significantly more likely to have a policy/process compared to non-AIAG members and companies with revenue greater than \$5B are more likely to have a policy compared to those generating less than \$5B in revenue.

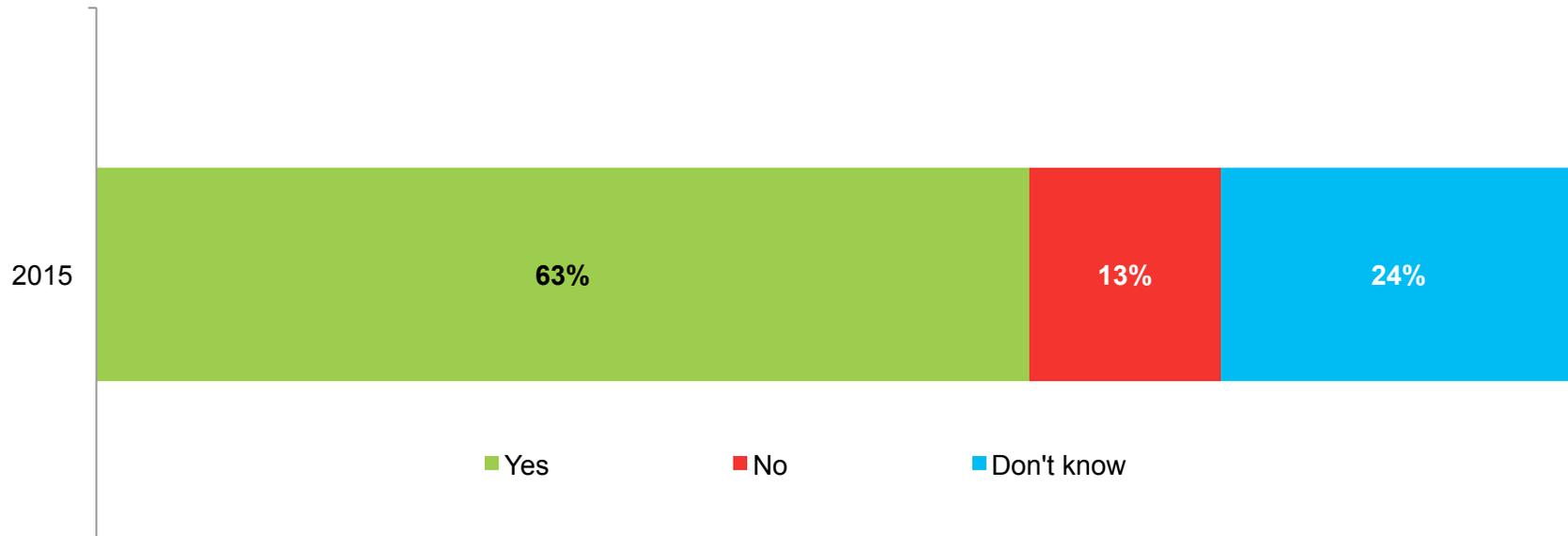
Q: Does your company have a policy or process to comply with the conflict minerals reporting requirements of the Dodd-Frank Act Section 1502 and/or related customer requests? (select one)

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Nearly two-thirds of companies with a policy or process in place met the May 2014 deadline

Companies who have a policy or process to comply with conflict minerals reporting requirements (n=175)



Companies headquartered in the U.S. are more likely to have met the deadline compared to those headquartered outside the U.S.

Note: asked for the first time in 2015

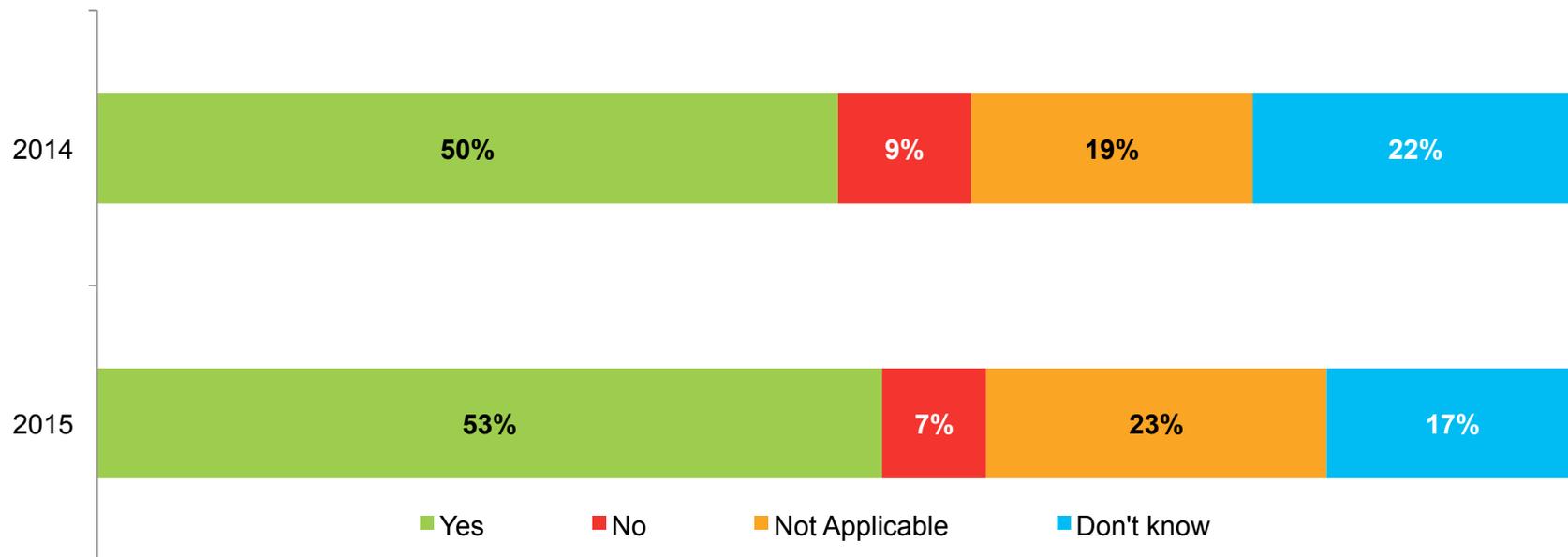
Q: If your company was required to file a Conflict Minerals Report with the SEC for the 2013 calendar year (by May 31, 2014), did your company meet the deadline? (select one)

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About half of companies with a policy or process in place will meet the next deadline

Companies who have a policy or process to comply with conflict minerals reporting requirements (2014 n=256, 2015 n=175)



Q: If your company is required to file a Conflict Minerals Report with the SEC [by May 31, 2014/for the 2014 calendar year (by May 31, 2015)], will your company meet the deadline? (select one)

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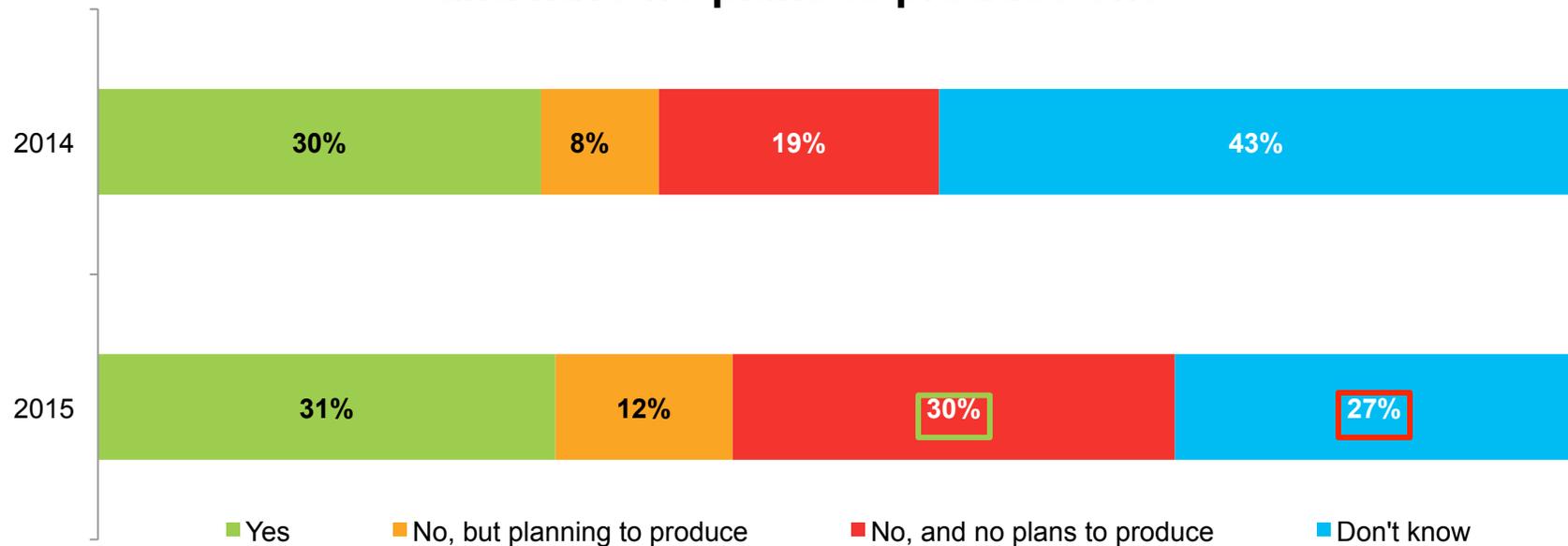
Corporate Responsibility Reporting



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Significantly more companies do not produce a CR report and have no plans to produce one



Revenue has a significant impact on CR reporting: 67% of companies with revenue of \$5B or more produce a CR report, compared to 39% of companies with revenue between \$500M and \$5B, and 10% of companies with revenue less than \$500M.

Significantly more OEMs and Tier 1 suppliers produce CR reports compared to Tier 2 and below suppliers, and significantly more AIAG members produce CR reports than non-AIAG members.

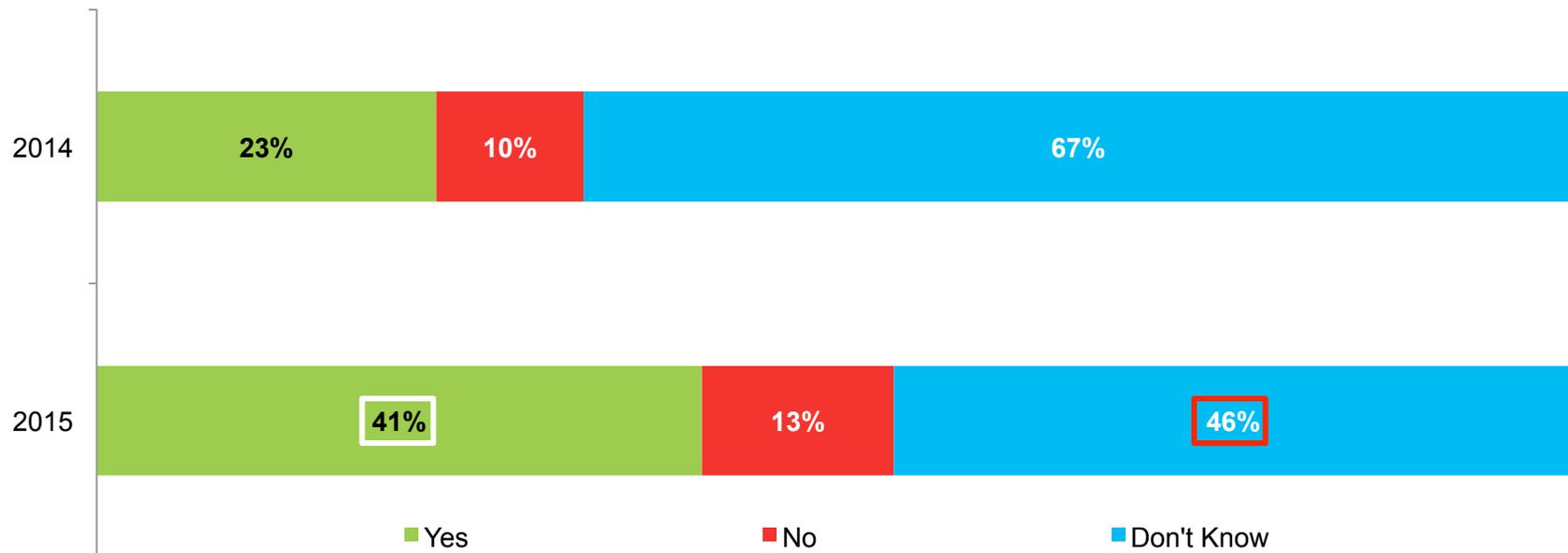
Q: Does your company produce a corporate responsibility report?

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Significantly more companies use the GRI Framework for reporting, compared to 2014

Companies who produce a corporate responsibility report (2014 n=167, 2015 n=95)



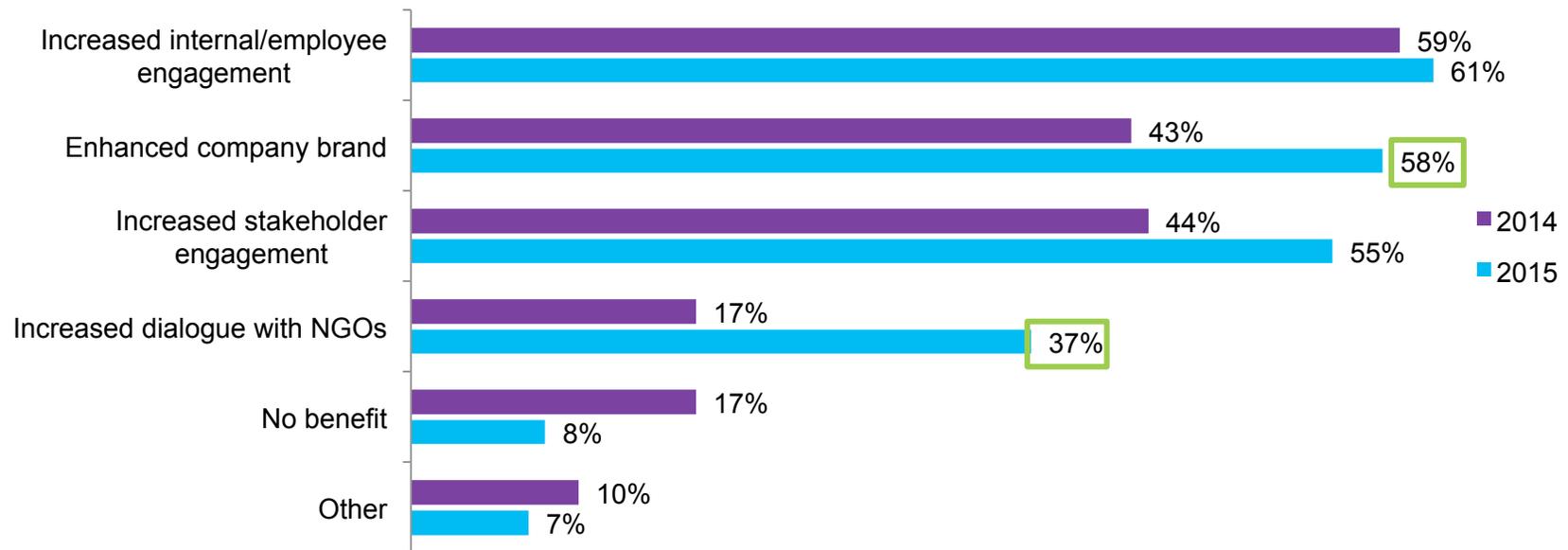
Q: Does your company use the GRI (Global Reporting Initiative) Framework for reporting?

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Enhanced company brand and increased dialogue with NGOs are increasingly seen as benefits of reporting

Companies who produce a corporate responsibility report (2014 n=167, 2015 n=95)



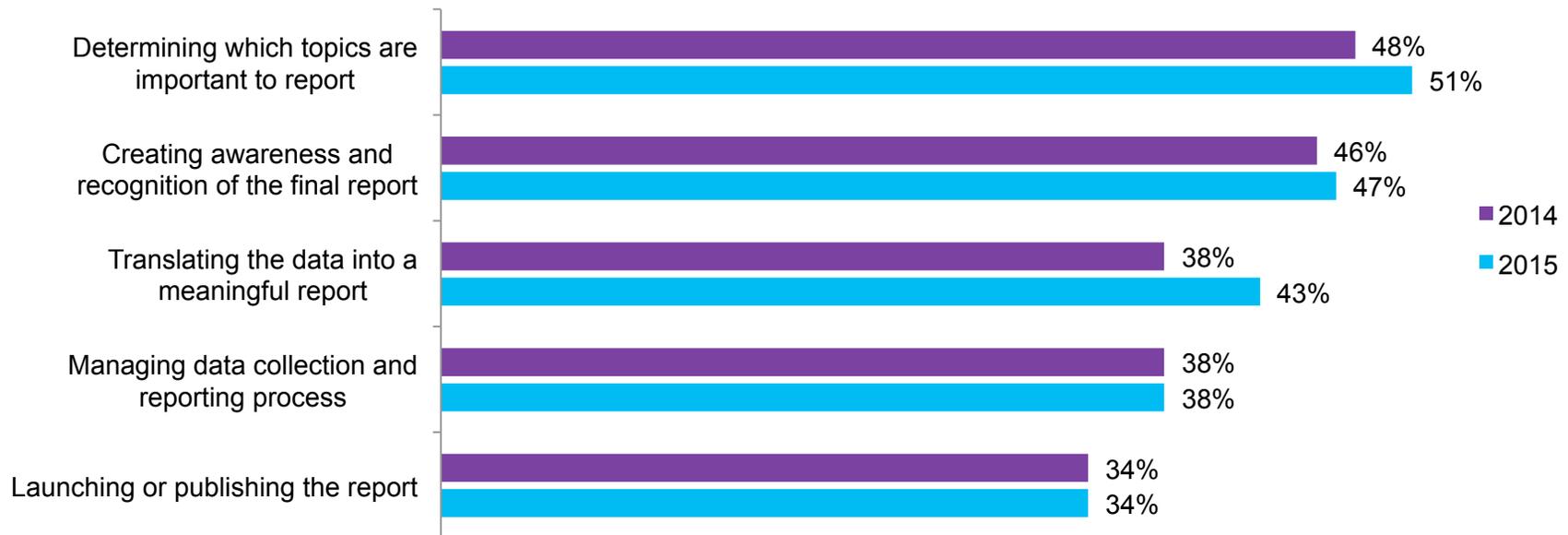
Q: Are you aware if any of the following benefits were derived from reporting? (Select all that apply)

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Determining which topics are important to report and creating awareness of the final report remain the top areas for AIAG support

Companies who produce a corporate responsibility report (2014 n=167, 2015 n=95)
Percentage of respondents identifying type of support as “helpful”*



* Percentage of respondents who selected 4 or 5 on a 5-point scale where 1 is “not at all helpful” and 5 is “very helpful.”

Q: In producing your company’s corporate responsibility report, how helpful is it, or would it be, to have the following support from AIAG or other organizations? (5-point scale where 1 is “not at all helpful” and 5 is “very helpful.”)





Methodology



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- The survey was conducted online between March 3 and March 25, 2015, while the inaugural survey was conducted online between March 4 and March 17, 2014.
- All data is reported on total sample unless otherwise noted.
- We use the all-encompassing term “corporate responsibility” throughout, and “sustainability” in cases where it is most relevant.
- In 2014, a total of 554 corporate responsibility/sustainability professionals from automotive and related industries responded, 45% of whom work at AIAG member companies. 2015 included 305 respondents, 50% of whom work at AIAG member companies. Additional respondent information is found on the next slide.
- A green or white box around a 2015 data point indicates an increase in significance, while a red text box around a 2015 data point indicates a decrease in significance. Year-over-year data was tested for significant differences at the 95% confidence level.
- AIAG thanks all of those who responded, as well as the team at GlobeScan who provided assistance, for their contributions to the future of our industry.

Demographics



Company Headquarters	2014	2015
U.S.	54%	53%
Outside of U.S.	46%	47%

AIAG Member	2014	2015
Yes	45%	50%
No	37%	37%
Don't Know	18%	13%

Company Revenue	2014	2015
Less than \$500M	34%	40%
\$500M-Less than \$5B	17%	17%
\$5B or more	21%	23%
Don't know	28%	21%

Type of Organization	2014	2015
OEM	18%	15%
Supplier: Tier 1	42%	44%
Supplier: Tier 2 and below	22%	22%
Professional Service Provider	9%	14%
Other	9%	6%

Primary Industry	2014	2015
Automotive	68%	68%
Manufacturing	20%	17%
Electronics	3%	3%
Other	10%	11%

Position within Company*	2014	2015
Manager		41%
Director		15%
Executive (VP, SVP, etc.)		7%
C-Level (CEO, CSO, etc.)		5%
Other		33%

*asked for first time in 2015



Countries Represented



	2014	2015
Argentina	✓	
Australia	✓	✓
Austria	✓	✓
Belgium	✓	✓
Brazil	✓	✓
Bulgaria	✓	
Canada	✓	✓
Chile	✓	
China	✓	✓
Columbia	✓	✓
Denmark	✓	✓
Egypt	✓	
Finland	✓	✓
France	✓	✓

	2014	2015
Germany	✓	✓
Hungary		✓
India	✓	✓
Italy	✓	✓
Japan	✓	✓
Kenya	✓	
Luxembourg	✓	
Malaysia	✓	
Mexico	✓	✓
Netherlands	✓	✓
Norway	✓	✓
Poland	✓	✓
Portugal	✓	✓
Romania	✓	

	2014	2015
Russia	✓	✓
Singapore	✓	✓
Slovenia	✓	
South Korea	✓	✓
Spain	✓	
Sweden	✓	✓
Switzerland	✓	
Taiwan	✓	✓
Thailand	✓	
Tunisia	✓	
Turkey	✓	✓
United Kingdom	✓	✓
United States	✓	✓
Total	41	28



AIAG is a unique not-for-profit organization where, for more than 30 years, OEMs, suppliers, service providers, government entities and individuals in academia have worked collaboratively to drive down costs and complexity from the supply chain via global standards development and harmonized business practices. AIAG membership has grown to more than 1,000 members and includes renowned manufacturers, and many of their parts suppliers and service providers. For more information, visit www.AIAG.org.

This report is available at www.AIAG.org/corporateresponsibility

