

Continental AG annual statement in adherence with the UK Modern Slavery Act 2015

I. Organizational structure and business

Company Profile

Continental develops pioneering technologies and services for sustainable and connected mobility of people and their goods. Founded in 1871, the technology company offers safe, efficient, intelligent and affordable solutions for vehicles, machines, traffic and transportation. In 2019, Continental generated preliminary sales of €44.5 billion and currently employs more than 240,000 people in 59 countries and markets. This statement applies to Continental AG with all its subsidiaries over which the company has operational control.¹ For more information visit: www.continental.com

Sustainability Management and strategy

Sustainability has been deeply rooted in the values of the company for almost 150 years. For Continental, sustainable business practices means having a positive impact on society while minimizing negative impacts. Sustainability is regarded as a strategic task for the corporate development and therefore a task of the Executive Board. Board member Dr. Ariane Reinhart is the head of Human Relations and Sustainability. Continental is a signatory to the United Nations Global Compact and supports its ten principles on human rights, labour standards, environmental protection and anti-corruption. The work on putting these principles to practice is directed among others by the United Nations Guiding Principles on Business and Human Rights as well as the core labour standards of the International Labour Organization (ILO). In 2018 and 2019 Continental has refocused its sustainability strategy. Next to strong targets on environmental protection and combatting climate change, the company has made the topics “sustainable supply chain” and “good working conditions” two of its 12 focus areas. This puts human rights and managing risks of modern slavery at Continentals own locations worldwide as well as its supply chain at the core of the company’s sustainability strategy.

II. Policies in relation to fighting modern slavery and human trafficking

Continental has incorporated its commitment to human rights and the ILO core labour standards into its global codes of conduct in line with the UN Guiding Principles on Business and Human Rights. The internal Code of Conduct, which was expanded early 2019 mandates the respect for human rights and fair working conditions for every employee and executive including freedom of association, the abolishment of child labour and forced labour as well as freedom from discrimination. The [Business Partner Code of Conduct \(BPCOC\)](#), originally established by Continental's Executive Board in 2011 as the Supplier Code of Conduct and updated in 2017, requires all of Continental's suppliers to respect human rights. In particular, this includes the prohibition of forced labour and human trafficking. This is supplemented with the clear expectation that business partners incorporate this requirement within their supply chains. As one of the largest tyre producers in the world, natural rubber is a crucial raw material for the business success. Continental therefore launched and published a [Sustainable Natural Rubber Policy](#) in 2018, which specifically includes standards and expectations for suppliers regarding human rights, e.g. with regard to land rights, forced labour, child labour as well as the rights of migrant workers and ethical recruitment practices.

¹ This statement applies to all subsidiaries of Continental AG as consolidated in the [2019 annual report](#) including the following subsidiaries in the UK: Bandvulc Tyres Limited, Continental Tyre Group Ltd., Dunlop Oil & Marine Limited, ContiTech United Kingdom Ltd., Continental Engineering Services Ltd., Continental Automotive Trading UK Limited, Application Solutions (Electronics and Vision) Ltd., Continental Teves UK, Ltd., Continental Automotive Trading UK Limited, Tyre Maintenance Limited, Continental Automotive Trading UK Limited, Vitesco Technologies UK Ltd., Continental Automotive Trading UK Limited, Tyre Maintenance Limited, Dunlop Oil & Marine Limited, Continental Tyres Ltd., Semperit (UK) Ltd., Continental UK Group Holdings Ltd., Continental Investment Ltd., Viking Tyres (UK) Ltd., Continental Tyre Investment UK Ltd., CAS UK Holding Ltd., Zytec Group Ltd., Zytec Automotive Ltd., BV Environmental Limited, Libra Associates (Properties) Limited, Granite Investments Limited, BV F1rst Limited, Kim Holdings Scotland Limited, R & J Strang Tyre Services Limited, Continental Automotive Holdings UK Ltd., Continental Automotive Trading UK Limited, Continental Automotive UK Ltd., Phoenix Oil & Marine Limited, Specialised Belting Supplies Ltd., Merlett Plastics UK Ltd.

III. Due diligence – risk management and integration

Continental takes its responsibility seriously and regularly reviews its measures for respecting human rights and combating modern slavery and human trafficking. Based on this commitment Continental's human rights approach is rooted in two pillars focussing on the one hand on its own 595 locations worldwide as well as on its supply chain on the other hand. Group Sustainability holds the responsibility to continuously monitor and improve measures related to human rights due diligence requirements. In line with this approach several corporate functions such as from Human Relations and Purchasing, have been trained and deployed to integrate human rights topics into their core functions.

On group level, a process for continuously and systematically monitoring, assessing and minimizing the risks for negative impacts on human rights in the countries and locations where Continental operates has been started in a cross-departmental effort and will be developed further in 2020. Different functions on group, business area, country or location level are responsible to manage and mitigate specific human rights related risks in Continentals own locations, namely from labour relations, health and safety, compliance or security. For example, country labour relations coordinators are tasked with preventing and mitigating incidents in relation to working conditions at locations in 15 countries, covering more than 75% of our employees through trainings, investigation and monitoring. They develop their activity in alignment with labour relations and group sustainability at corporate level, who evaluate the current situation in the countries and develop preventive measures.

Compliance with the BPCOC along the supply chain is assessed through the sustainability platforms NQC and Ecovadis. Direct suppliers are asked to submit self-assessments. The questionnaires include questions regarding the management of human rights and working conditions. Additionally, audits for identified risk areas such as environmental management or fire and building safety are conducted. With focus on the specific topic of sourcing natural rubber Continental has outlined its commitment a policy which is underpinned by pilot projects focused on gaining increased transparency along the entire supply chain in order to identify and mitigate potential risks for negative impacts on human rights.

Communication and training

New employees of Continental are informed about Continental's Code of Conduct when hired. Continental provides online training on the Code of Conduct and performs regular classroom compliance training sessions at various locations worldwide. With the update of the COC a module on human rights and good working conditions was included in 2019. These training sessions are mandatory for new employees. Additionally, several human rights specific virtual and classroom trainings were conducted with corporate functions and are planned for 2020 to further foster the integration of the topic into management processes and business decisions. With suppliers Continental actively communicates its BPCOC and they are expected to communicate and incorporate these requirements throughout their own processes as well as their respective supply chains.

IV. Compliance and case management

Continental maintains a [Compliance and Anti-Corruption Hotline](#), where submissions can be made on any topic of concern in relation to Continental's business, including concerns in relation to the violation of human rights such as forced labour or human trafficking. The Hotline process is also available through Continental's website and is accessible to anyone, including all Continental employees and any third parties such as suppliers. Submissions can be made anonymously and without fear of retaliation, as outlined in the COC. Any submission to the Hotline is followed-up by a defined process involving respective departments at Continental.

Hanover, March 25th, 2020

For and on behalf of the Executive Board:

Dr. Ariane Reinhart

Executive Board member for Human Relations and Sustainability, Continental AG