



European
Automobile
Manufacturers
Association



Automotive Industry Code of Business Conduct in view of COVID-19

Brussels, 15th April 2020

Preamble:

The automotive industry, looking back to a decade of growth and innovation after going through the severe financial crisis in 2008/9, has now come to an abrupt and almost complete standstill. This is an unprecedented situation, with the potential to do a lot of damage to an otherwise thriving, innovative and competitive industry.

Driven by a strong wish of all players in the value chain to overcome the situation, guided by strong business ethics, and building also on the lessons from 2008/9, the automotive industry is committed to emerge from the crisis even stronger. Lessons learned summarised in this code of business conduct are meant to serve as guidance on the essential approach needed to overcome the COVID-19 crisis in a timely and well-coordinated manner.

General approach:

- COVID-19 is seen as a global health, societal and economic challenge with severe potential impact on individuals, corporations and countries. The minimisation of risks for employees and the community at large should have always highest priority.
- Navigating the COVID-19 crisis together in spirit of a partnership, in compliance with the applicable competition and antitrust laws, yields the best possible results towards protecting individuals and minimising economic damage.
- A post-crisis mindset will be necessary for making decisions that enable a successful return to a sustainable value chain going forward. This entails a collaborative and open approach to facilitate fast and effective decisions and, if necessary, adjustments in the spirit of solidarity.

Workplace safety:

The health & safety of citizens and employees is a priority. All players in the value chain therefore commit to:

- provide a safe work environment, in line with applicable safety standards.
- call on public authorities for harmonised measures across the EU, as much as possible.
- discuss, together with social partners, on common criteria, standards and conditions under which employees can return safely to restart production.
- ensure excellent communication with employees, install measures for preventive healthcare, and provide the necessary training.
- share best practices on health & safety with partners along the value chain.

Transparency:

A successful exit from the crisis will require timely sharing of critical and appropriate information, enabling value chain partners to plan and act as effectively as possible. Upstream and downstream partners in the value chain therefore commit to:

- provide each other with transparent and credible information on expected demand and inform each other in a timely manner on delays and subsequent deviations.
- share information about the shutdown, downtime and ramp-up of capacities with the up-stream and down-stream partners with the target to avoid unnecessary burning of cash.
- communicate in a clear and transparent way with their business partners about achievable capacities in production plants, under consideration of safeguarding measures.
- discuss in good faith with their business partners whether the exceptional situation requires the setting of new priorities on ongoing projects considering limited capacities in R&D and plants. This may involve revising and/or postponing project milestones and planning.

Contractual requirements:

All value chain players have a shared responsibility for the continued prosperity of the sector. In particular maintaining liquidity is key in times of crisis. The value chain players therefore believe that:

- this industry can emerge sustainably from this crisis only if all players respect agreed contractual terms, in particular regarding payments, the reception and timely delivery of ordered products, investments, tooling, testing, development and engineering services and inventories created by orders, and that,

- taking into account the extraordinary circumstances affecting the entire industry, these terms (including force majeure clauses) should be applied in a pragmatic way with the target to avoid imposing unnecessary running or additional cost on value chain partners, with the objective of ensuring an overall healthy value chain.

Preparing for recovery:

The orderly restarting of production across the entire automotive industry value chain is impossible without close coordination. All players in the value chain therefore commit to:

- a timely to ramp-up of production capacities, coordinated between all upstream and downstream partners in a continued difficult economic and sanitary environment. This concerns projects, production plants as well as logistic capacities and, as necessary, also the consideration of potential critical needs of involved parties.
- consider effects from production shutdowns in one region on the availability of components needed for the continuation of production in other parts of the world.

Fair Competition

Despite the acknowledged need for broad cooperation in the industry, all players in the value chain are fully committed to complying with applicable competition laws. In addition to regular legal review of all coordination efforts and information sharing, the following principles shall apply:

- Commercially sensitive information, including demand, production capacities or planned downtime or ramp up of capacities, shall be limited to partners of the same value chain and generally not shared with competing value chains.
- Where temporary information exchange or cooperation between competitors is deemed necessary to avoid a shortage of supply caused by COVID-19, such exchange or cooperation shall be structured in compliance with Article 101 TFEU/53 EEA or other applicable competition laws and in accordance with the guidance of the competent competition authorities.

About ACEA

ACEA represents the 16 major Europe-based car, van, truck and bus manufacturers: BMW Group, CNH Industrial, DAF Trucks, Daimler, Ferrari, Fiat Chrysler Automobiles, Ford of Europe, Honda Motor Europe, Hyundai Motor Europe, Jaguar Land Rover, PSA Group, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, and Volvo Group.

About CLEPA

CLEPA represents over 3.000 companies supplying state-of-the-art components and innovative technology for safe, smart and sustainable mobility, investing over 25 billion euros yearly in research and development. Automotive suppliers in Europe employ overall nearly five million people across the continent.