

Supplier Bulletin:

Introducing a New Industry-Aligned Forced Labor Due Diligence Program

Background

With one of the world's largest supply chains, the automotive industry has developed a complex global network of the best suppliers across the globe. The regulatory landscape continues to evolve for the automotive industry and newer regulations are driving additional requirements for downstream companies to conduct enhanced supply chain due diligence. We remain committed to protecting human rights by setting expectations, communicating best practices, conducting social responsibility audits, and validating supplier policies through third-party evaluations.

The Automotive Industry Action Group (AIAG) and its member OEMs recognize and appreciate the efforts suppliers have made so far to enhance resources and tools to comply with and meet regulatory requirements to protect human rights. When industry members align on compliance reporting initiatives, both OEMs and suppliers benefit from increased simplicity and efficiency.

Announcement

AIAG's OEM members believe our industry has reached another such opportunity for efficient alignment. Like the conflict minerals reporting requirements from the 2010's, a collaborative approach is needed. It is critical that AIAG's OEM members develop robust supply chain transparency processes and systems to enable effective due diligence reporting. We cannot achieve this alone; we need the support of our supply base and a unified approach to due diligence now more than ever. Leveraging common due diligence processes and equipping the industry with leading resources is essential to investigating our supply chains, reducing human rights risks, and ensuring respect for all workers throughout our supply base.

Therefore, we are proud to announce that AIAG has worked with Ford, General Motors, Honda, Nissan, Stellantis, and Toyota to develop an aligned industry approach for conducting and reporting due diligence activities. AIAG has negotiated agreements with technology providers and created an online marketplace for common reporting tools and resources. All participating OEMs have agreed to incorporate these elements into their own supplier due diligence practices. This approach facilitates standardized reporting data, a common reporting template, and innovative technology at a reduced cost.

[AIAG's online marketplace](#) offers easy selection and comparison of solutions at various price points and capabilities, catering to suppliers at any due diligence maturity level. Suppliers already using similar tools can continue with the added requirement of reporting due diligence results to OEM customers using the new **AIAG Due Diligence Reporting Template (DDRT)**, a single common reporting template available through AIAG or any of the program's technology providers.

Role of Tier 1 Suppliers

To maximize the effectiveness of a standardized process and reporting template, Tier 1 suppliers are expected to lead the communication of their supply chain's risk directly with impacted OEMs utilizing the DDRT. By doing so, Tier 1 suppliers can deliver consistent, consolidated information to OEMs, minimizing repetitive requests and improving efficiency.

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Program Detail

After an open request for proposals, four companies – Kharon, Altana, NQC, and Resilinc – have been selected and are available at a reduced cost through AIAG. All four will utilize the expertise of Kharon, an industry-leading risk screening company that combines technology with industry-leading research. Whether as a stand-alone product or integrated into one of the three participating platforms, Kharon's products will enable an industry leading approach to human rights due diligence. Kharon is also utilized by U.S. Customs and Border Protection, U.S. Department of Homeland Security, and U.S. Department of the Treasury. Platform companies (Altana, NQC, and Resilinc) can also incorporate Kharon functionality for supplier batch screening and produce automated reports to provide to OEM customers using the DDRT.

AIAG is making these tools available to suppliers, providing resources, training, and webinars to support technology adoption and new reporting process, under its [AIAG Forced Labor Due Diligence Program](#). Suppliers can start by utilizing educational resources available in the program, including the Introduction to Detained Shipments, Guiding Principles microlearning, and Supply Chain Transparency Reporting Comes to Canada webinar and more.

Call to Action

Supplier expectations scale to match the maturity of their compliance program:

- Suppliers **initiating their forced labor pro-active risk screening** are expected to reference the relevant resources regarding forced labor and human rights issues in the global automotive supply chain and analyze their supply chains for any potential connections. Suppliers must also have a due diligence and escalation process to remedy connections to the named suppliers and immediately notify impacted customer(s) via email to both the customer buyer and the customer due diligence team listed on the "Instructions" tab in the DDRT. Kharon or equivalent third-party screening tool is expected to be onboarded and utilized within the next 3-6 months.
- Suppliers **already possessing a baseline due diligence process** like the one described above are encouraged to partner with Kharon or equivalent third-party screening tool within the next 3-6 months, and immediately notify impacted customer(s) of any potential connections via email to both the customer buyer and the customer due diligence team listed on the "Instructions" tab in the DDRT.
- Those who **have on-going screening through Kharon or an equivalent tool** should integrate into a supply chain mapping database or provider (e.g., Altana, NQC, Resilinc) for continuous supply chain monitoring and traceability. The DDRT can be populated through the providers and shared with customers.
- Those **with leading monitoring and screening programs** are encouraged to elevate further in support of full mapping and monitoring into all human rights risk areas in alignment with the U.N. Guiding Principles on Business and Human Rights.

A Unified Front

Together, these efforts will fortify our unwavering commitment to identify, prevent, and mitigate forced labor and human rights abuses from global supply chains. AIAG and its members stand united in affirming that every worker deserves the right to voluntary employment. Upholding human rights is not just a duty but a noble cause, ensuring our customers can proudly drive vehicles that embody integrity and respect for all. Act today to

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proactively protect our industry, our businesses and human rights by visiting [AIAG Forced Labor Due Diligence Program](#) to learn more. Thank you for your ongoing support.



HONDA



TOYOTA

