

# Diversity

## Commitment to Diversity, Equal Opportunities and Inclusion

Whether age, gender, origin or sexual orientation, diversity has many dimensions. At Volkswagen, we make room for this diversity and see our employees' differences as an asset. The basis for this can be open, respectful communication, inspiring leadership and a work culture based on equal opportunities and partnership. In this way, we want to ensure that all employees feel seen for their individuality and can realize their full potential. We are convinced that diversity is a source of new value creation and competitiveness and a decisive factor for the Group's success – particularly in times of skills shortages.

## Diversity Management Established across the Group

Group diversity management is directly assigned to the member of the Volkswagen Group Board of Management with responsibility for Human Resources and reports to this individual. Diversity managers are working on the topic in the Volkswagen Group across all divisions and locations. They meet regularly to promote the sharing of best practices and to discuss the implementation of programs and action.

## An Integral Part of Group Strategy

Diversity was defined as a focus topic for sustainability as part of the NEW AUTO Group strategy and Group initiative 6, which was derived from it. We have enshrined the topic of diversity and equal opportunities in the HR Compliance Group policy. The particular importance of this action area is also underpinned in the Volkswagen Group by the fact that the diversity index as a strategic KPI has acquired direct remuneration

relevance at Group Board of Management level. In addition, from 2023 the achievement of the target for the proportion of women in management – which is relevant to the index – has been anchored in management remuneration by introducing an ESG factor in the annual bonus.

We have also set out the aim of diverse workforces in key documents. The declaration "We live diversity" as one of the seven Group Essentials is thus a firm part of the Volkswagen Group's cultural DNA. Our understanding of diversity extends beyond gender equality, sexual orientation and internationality. For example, we also focus on the inclusion and integration of employees with disabilities.

## Stakeholder Engagement

Volkswagen uses various formats to discuss diversity issues with internal and external stakeholders. One example of this is the diversity panel, which was created in 2021. In the reporting year, the panel held a final meeting and issued concrete recommendations for action regarding organization, processes and activities in the Group, such as online training, internal information campaigns and discrimination surveys. The panel included experts from civil society, business and academia but also high-ranking managers from various areas of the Group. Its aim was to enhance in-house skills, to systematically counteract everyday discrimination and racism and to raise awareness of discriminatory content and conduct.

The Volkswagen Group has also underscored its commitment to diversity in Germany by its signature of and financial support for the Diversity Charter initiative and through the Chef:innensache initiative – a network of managers from business, academia, the public sector and the media for promoting equal opportunities for women and men.

## Antidiscrimination

We at Volkswagen strongly reject discrimination. This is because we stand for respect, for equal opportunities, for working together and for equal treatment of all people, irrespective of their ethnicity, race, gender, disability, ideology, religion, nationality, sexual orientation, social background or political beliefs, provided the latter are based on democratic principles and tolerance towards those who hold different views.

The Volkswagen Group Code of Conduct provides guidance throughout the Group and we sanction any breaches of the rules set out in it. Under the Code, every employee and manager is responsible for ensuring that colleagues work together in partnership and for taking action if rules are breached. We also keep central statistics on this: In 2023, 32 Volkswagen Group employees were dismissed due to breaches in the area of discrimination, harassment or stalking.<sup>1</sup>

## Targets for More Diversity

### More Diversity in the Volkswagen Group's Management

At all levels of management, we aim to set targets for measures and programs and further promote diversity in the Group. For example, our diversity approach includes quotas for women in managerial positions and targets for the internationality of our top management. These two figures are combined in our diversity index, which has been in force since January 1, 2017. The diversity index forms part of our NEW AUTO Group strategy and the Group People Strategy. Data for the index are collected for the whole Volkswagen Group with its active workforce.<sup>2</sup> With this index, we manage measures and assess the extent to which they have been implemented.

→ The **diversity index** tracks the changes in the proportion of women in management and the internationalization of top management, in each case as a percentage of the active workforce<sup>2</sup> globally.

The proportion of women in management positions – comprising line management, senior management and top management (including members of the Group Board of Management) – was 19.2% in 2023, which is significantly above the previous year's level (2022: 17.2%). We aim to raise this figure to 20.2% by 2025.

We aim to increase the level of internationalization in top management, the uppermost of our three management tiers, to 25.0% by 2025. At 25.6%, the target was already exceeded in the past fiscal year.

The figures for the proportion of women and internationalization are each included with equal weighting in an index that was set to 100 in each case for 2016. Both indices were included in equal proportions when setting targets and in the compilation of the overall index (proportion of women figure and top management internationalization figure). An increase in this index to 142 was planned for 2023. This target was beaten with a figure of 154. The targets are decided by the Group Board of Management.

### Goals for Increasing the Proportion of Women at Volkswagen AG

We have also formulated goals as regards the proportion of women in management for Volkswagen AG in accordance with section 76 (4) of the German Stock Corporation Act (*Aktien-gesetz – AktG*). In line with the German Act on the Equal Participation of Women and Men in Leadership Positions (*Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen*) and section 76 (4) of the German Stock Corporation Act (*Aktiengesetz – AktG*), Volkswagen AG set targets for the period until the end of 2025 of 16.5% for the proportion of women in the active workforce<sup>2</sup> at the first level of management (senior management, top management and brand board of management) and 23.4% for the second level (line management). As of December 31, 2023, the proportion of women in the active workforce<sup>2</sup> at the first level of management was 15.3%, and at the second level of management it was 21.5%. The Group's Board of Management and Supervisory Board are regularly updated on the progress we are making toward these targets.

## Programs and Options

By offering various programs, we are aiming at increasing the proportion of women at management levels within the Group and at ensuring greater equality of opportunity and equal rights in career development. The Volkswagen AG-wide Kompass-2.0 program provides female talent with guidance and a decision aid for starting a management or leadership career and is also aimed at female production workers. The program centers around a nine-month period of mentoring accompanied by networking days, dialog events, seminars and feedback meetings. A total of 248 employees started the program in 2023.

<sup>1</sup> Subject to approval by the Group Board of Management. Basis: 378 companies, each with more than 5 employees.

<sup>2</sup> Definition of active workforce: total workforce not including trainees or employees in the passive phase of semi-retirement. In addition, when compiling the data for the diversity index and within the framework of the German Act on the Equal Participation of Women and Men in Leadership Positions (*Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen*), an adjustment is made for employees in the withdrawal phase of the Time Asset scheme (Time Asset scheme: time credits from deferred compensation).

In order to achieve a sustainable increase in the proportion of women in management, we continuously work on the further integration of diversity and gender equality into HR processes. Volkswagen AG also offers managers various models of shared leadership – for example, the option of job sharing. In addition, there is an impat program aimed at top talent of non-German origin and any gender. This ensures greater visibility of international managers, leverages their expertise and promotes Group-wide networking.

The Volkswagen Group participates in the Target Gender Equality program, which was set up by the UN Global Compact and targets increased gender equality. The program is based on the UN Women's Empowerment Principles. These provide companies with guidance on how they can promote the empowerment of women and gender equality in the workplace, in business and in society.

#### Diversity Wins @ Volkswagen completed

Expanding approaches to promoting diversity and inclusion was the aim of the Diversity Wins @ Volkswagen program, which ended in 2023.

→ **94%**

**of our managers have taken part in the Diversity Wins @ Volkswagen program.<sup>3</sup>**

The program included mandatory training for managers, from foremen to top managers. The training participants developed an understanding of why diversity and inclusion are important for the Group, what design approaches and activities can be developed and what responsibility as a manager means in concrete terms. 94% of managers from companies with more than 1,000 employees had been trained across the Group and around the world by December 31, 2023. The Diversity Wins @ Volkswagen training content has been integrated into other manager training, including the management development program and the leadership development program. More information can be found in the People in the Transformation chapter.

 → People in the Transformation

#### Encouragement of Networks

The Volkswagen Group supports the formation of employee networks to promote personal initiative and the willingness to take on responsibility. This includes, for example, the LGBTQIA\*-&-friendsnetwork "We Drive Proud." The network not only represents the interests of lesbian, gay, bisexual, trans\*, queer, inter\* and asexual people but first and foremost helps to shape cultural change in the Group. "We Drive Proud" sees itself as an open, Group-wide initiative that maintains dialog with existing networks, e.g., those at AUDI AG, Dr. Ing. h.c. F. Porsche AG and SEAT S.A. The cross-divisional Women Career Network advocates for equal development opportunities for women and more diversity in leadership positions in the Volkswagen Group. There are now also fathers' networks in existence at AUDI AG (dads@audi) and in Volkswagen AG (Intersectionality).

#### Creating a Better Work/Life Balance

Volkswagen has recognized its employees' need to be able to respond at short notice and flexibly to changed life circumstances. We are therefore constantly working on improving our employees' work/life balance through flexible working time models. For example, we want not only to take into account the specific needs of parents, single parents or carers for relatives but to facilitate more flexibility for all employees. The rules and programs here vary from country to country and are determined by the legal framework, cultural circumstances and the results of collective negotiations.

Starting with Volkswagen AG, 18 Group companies have already established the "Meine AusZeit" instrument since 2021. This means employees can take a career break at short notice and flexibly without saving time credits beforehand. In the leave of three to six months, they continue to receive their pay, financed by advance payment by the employer. This is repaid in the subsequent period of work immediately after the leave.

In addition, we are working on meeting the need many employees have for more flexibility regarding their working hours and mobile working. Volkswagen AG, AUDI AG, Dr. Ing. h.c. F. Porsche AG, SEAT S.A. and Volkswagen Financial Services AG, among others, have therefore concluded company agreements regarding working outside company premises (mobile working). Our guarantee of reemployment also offers a high level of flexibility. For the past 20 years or so, Volkswagen AG employees have been able to take up

<sup>3</sup> Proportion of managers from companies with more than 1,000 employees who had participated in the program across the Group and around the world by December 31, 2023.

to eight years' leave of absence without having to give a reason. Regardless of whether this leave is for career development purposes or for family reasons, employees have a guaranteed right to reemployment on comparable terms subject to the economic situation.

Employees of various companies, including Volkswagen AG, Dr. Ing. h.c. F. Porsche AG, MAN Truck & Bus SE and AUDI AG, have an annual option: A conversion to paid leave may be made in place of payment of additional remuneration in accordance with the collective agreement. In Germany, the large number of people who take advantage of their statutory parental leave entitlement proves how many employees wish for reconcilability of work and family life. We grant parents additional benefits that go beyond statutory entitlements. Thus, Volkswagen AG employees that are entitled to company cars may continue using their vehicles privately for a limited period during parental leave. Volkswagen AG and subsidiaries with corresponding rules grant their employees a benefit provision in the employer-financed occupational pension plan (basic plan) during parental leave.

We also consider childcare during working hours highly important. The Volkswagen Group therefore endeavors to offer childcare geared to specific groups of people. Additionally, we provide daycare centers near a number of our sites.

### **Inclusion in the Workplace**

We assume social responsibility by supporting workshops for people with disabilities. To this end, we awarded contracts worth around €11.97 million in various Group companies during 2023. But we also champion inclusion internally. In 2023, the proportion of employees with disabilities at Volkswagen AG was 8.7%.

Our responsibility for keeping employees in valuable activities for their entire career if possible also extends to the needs of employees with a restricted working capacity. After all, individual forms of work organization can result in significantly higher performance and job satisfaction levels for precisely these groups of employees. The Work2Work program provides a good example. Since 2001, Volkswagen AG has opened up new career opportunities within the business for employees with differing abilities. In Wolfsburg, 575 employees are currently employed in Work2Work jobs in more than 50 different areas.

Diversity KPIs	Unit	2023	2022	Notes and comments
<b>Diversity index</b>				Active workforce <sup>1</sup>
<b>Proportion of women in management   GRI 405-1</b>				
Target for proportion of women in management	in %	17.9	17.0	
Actual proportion of women in management	in %	19.2	17.2	
Actual level of proportion of women sub-index   weighting 0.50		158	142	
<b>Internationalization in top management   GRI 405-1</b>				
Target figure for internationalization in top management	in %	23.2	22.3	
Actual level of internationalization in top management	in %	25.6	23.4	
Actual level of internationalization in top management sub-index   weighting 0.50		150	138	
<b>Cumulative diversity index figure</b>				
Target cumulative diversity index figure	value	142	136	
Actual cumulative diversity index figure	value	154	140	
<b>Proportion of women (as per legal situation in Germany: Executive Positions Act)   GRI 405-1</b>				
Actual figure for women at first management level <sup>2</sup>	in %	15.3	14.2	Volkswagen AG, active workforce <sup>1</sup>
Actual figure for women at second management level <sup>3</sup>	in %	21.5	19.7	Volkswagen AG, active workforce <sup>1</sup>
<b>Discrimination</b>				
Dismissals due to breaches in the area of discrimination	number	32	14	Basis: 378 companies, each with more than 5 employees (previous year: 110 companies, each with more than 500 employees)

<sup>1</sup> Definition of active workforce: total workforce not including trainees or employees in the passive phase of semi-retirement. In addition, when compiling the data for the diversity index and within the framework of the German Act on the Equal Participation of Women and Men in Leadership Positions (*Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen*), an adjustment is made for employees in the withdrawal phase of the Time Asset scheme (Time Asset scheme: time credits from deferred compensation).

<sup>2</sup> Definition of first level of management: senior management, top management and brand board of management.

<sup>3</sup> Definition of second level of management: line managers.