
Media information

NO. 463/2018

First Interim Report of the Sustainability Advisory Board of the Volkswagen Group

- Recognition of previous results of the technology change
- Expectation of decarbonisation and intense dialogue with stakeholders

Berlin, December 13, 2018 - In its first interim report, today the Sustainability Council of the Volkswagen Group has published an interim report on its activities from October 2016 to October 2018 in Berlin. The eight-member international panel summarizes its experience of working with the Volkswagen Group and assesses progress in sustainability matters and describes its attitude towards the future development of the Group in this area.



The Volkswagen Group's Sustainability Council has presented its first interim report (from left): Georg Kell, Gesche Joost and Michael Sommer.

"A central expectation of the Sustainability Council to the Volkswagen Group right from the beginning was the introduction of e-mobility and decarbonisation measures. The recent announcement of climate neutrality in accordance with the Paris Agreement is a milestone and receives our recognition. Now we expect further steps in decarbonisation and stakeholder dialogue to turn the crisis into an opportunity," said Sustainability Council Spokesman Georg Kell.

For its work, the Advisory Council has prioritized three topics over the past two years:

- Technology change to accelerate electrification and new mobility services
- Policy change in order to set a role model in environmental protection
- Culture change to build value and integrity to regain trust.

In the interim report, the Council sees technological change based on the Together 2025 strategy and the Roadmap E in principle on the right track. The Council considers it as crucial for the future of the company, but also recognizes other aspects. Council member Michael Sommer: "It is important to clarify the impact on society and the social consequences for the directly affected employees. And we must also consider the impact on the millions of people who rely on effective mobility every day."

The panel advises the company to rapidly decarbonise (abandon the use of carbonaceous energy sources) and, in this context, introduce a decarbonisation index. Thus, the climate relevance of all vehicles over their life cycle can be represented as a comparative size. Furthermore, the Council advocates to increase the use of measured variables in order to document progress in environmental protection.

The Council assesses the intensity and variety of measures for cultural change in the Group positively, but sees itself in the face of complicated governance structures not in a position to assess the extent to which the root causes of the crisis are addressed.

The Sustainability Council received a budget of 20 million Euros from the Volkswagen Group for stimulating innovation and cultural change within the company. This started various projects:

- Open Source Lab for Sustainable Mobility: Supported by the German Research Center for Artificial Intelligence, the project promotes dialogue with stakeholders on sustainable mobility solutions of the future.
- Next Generation Policies: Supported by the Mercator Research Institute for Global Goods and Climate Change and others, this project identifies effective strategies against climate change and for decarbonisation of transport.
- Forecast-Based Financing: Supported by, inter alia, the German Red Cross, this project helps to set up an early warning system to steer funds in advance to climate-sensitive regions in Asia and the Pacific region.

The Board strongly recommends that the dialogue with political decision-makers, non-governmental organizations and other stakeholders be further developed on a factual basis, while being transparent. Advisory Board member Gesche Joost emphasizes: "Acceptance in society is the prerequisite for mobility solutions being sustainable. For dialogue, we offer a transparent communication platform with the Open Source Lab."

In summary, the panel welcomes the determination with which the Group Executive Board meets the twin challenges of tackling the diesel crisis and compelling the development of new technol-

ogies. The most important tasks for the future are the decarbonisation of the company and the intensification of a transparent dialogue with its stakeholders.

For the Volkswagen Group, Ralf Pfitzner, Head of Sustainability, thanked the Advisory Board for their work: "For Volkswagen, it is important to receive the opinion and advice of representatives of key stakeholders who accompany the company critically and independently in its transformation."

The Sustainability Advisory Board of Volkswagen:

- Prof. dr. Ottmar Edenhofer –Co-Director of the Potsdam Institute for Climate Impact Research
- Connie Hedegaard –former EU Commissioner for Climate Action
- Professor Gesche Joost -Professor of Design Research at the University of the Arts in Berlin
- Georg Kell - Founding Director UN Global Compact
- Yves Leterme -
Former OECD Deputy Secretary-General and former Prime Minister of Belgium
- Margo T. Oge -
Former Director Transportation Air Quality, US Environmental Protection Agency (EPA)
- Michael Sommer -
former President of the Confederation of German Trade Unions (DGB)
- Elhadj As Sy -
Secretary-General of the International Red Cross and Red Crescent Federation (IFRC)

More informationen Volkswagen Sustainability Council: -

<https://www.volkswagenag.com/de/sustainability/sustainability-council.html>

Open Source Lab: <https://opensourcelab.dfki.de>

Next Generation Policies: <https://www.mcc-berlin.net/next-generation-policies/mission.html>

Forecast Based Financing: <https://www.forecast-based-financing.org/>

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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products include ranges from pick-ups, buses and heavy trucks. Every weekday, 642,292 employees around the globe produce on average 44,170 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2017, the total number of vehicles supplied to customers by the Group globally was 10,741 million (2016: 10,297 million). The passenger car global market share was 12.1 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2017 totalled €231 billion (2016: €217 billion). Earnings after tax in 2017 amounted to €11.6 billion (2016: €5.4 billion).
