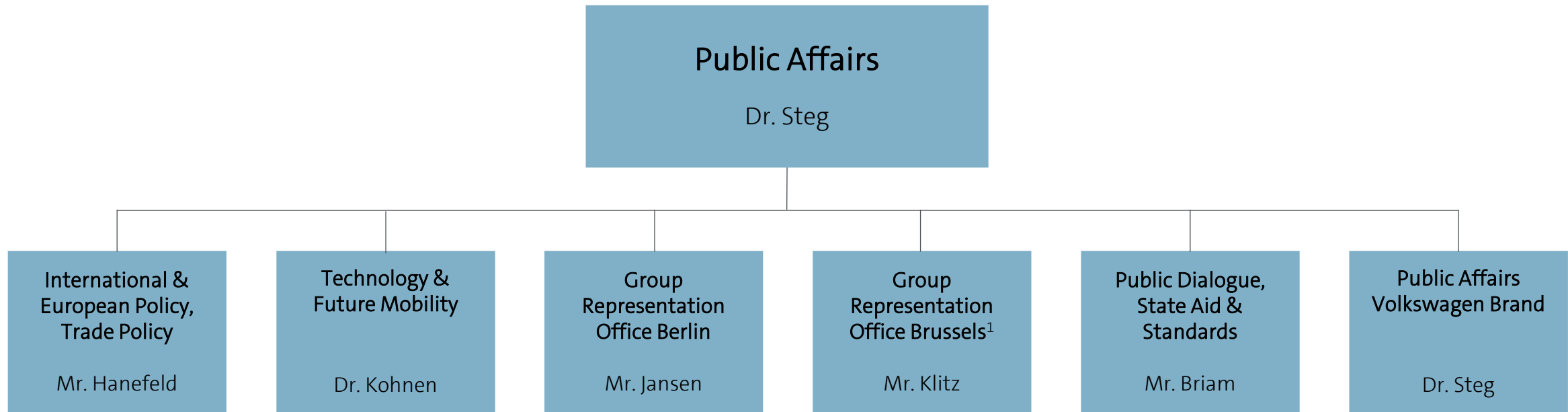


Appendix to the Principles and Guidelines for Public Affairs

2021

Classification: PUBLIC

Structure of Public Affairs (schematic representation)



¹ Volkswagen AG Group EU Representation/VIB

The Volkswagen Group is a member of organisations such as:

ACEA (European Automobile Manufacturer's Association), Brussels

American Chamber of Commerce in Germany e.V., Frankfurt am Main

Atlantik-Brücke e.V., Berlin

Bitkom e.V., Berlin

Carl-Duisberg-Gesellschaft e.V. (GIZ-Wirtschaftsbeirat), Hanover

Forum Ebenhausen e.V. – Freundeskreis der Stiftung Wissenschaft und Politik, Berlin

Förderkreis der Deutschen Gesellschaft für Auswärtige Politik e.V., Berlin

ICC (International Chamber of Commerce), Paris

Latein-Amerika Ausschuss der deutschen Wirtschaft (LADW), Berlin

Netzwerk Europäische Bewegung Deutschland e.V., Berlin

Stifterverband für die Deutsche Wissenschaft e.V., Essen

VDA (Verband der Automobilindustrie e. V.), Berlin

World Economic Forum, Geneva

Further information on Volkswagen AG with regard to lobbying in Germany can be found here:

[Volkswagen AG Register Entry - LobbyRegister of the German Bundestag](#)

Information on the established event formats* at Public Affairs

Political Visits

Information event on current developments in the Group.

Individuals or groups of public officials and elected officials from home and abroad. Takes place at locations of the Group in Germany upon request of politics or invitation.

Volkswagen Group's New Year Reception

Evening reception to position the Volkswagen Group as a partner for dialogue with European policy-makers in Brussels.

100 to 200 participants from EU institutions, European associations and companies, representatives of civil society and journalists. Takes place once a year in Brussels.

* Due to the general and operational restrictions due to the COVID-19 pandemic, events did not take place to the usual extent in calendar year 2021.

Information on political party events supported by Public Affairs and on advertising costs in calendar year 2021

Support for political party events

Sponsoring (total) in €	0
-------------------------	---

The aim of political party sponsoring is to generate public awareness for the company and its projects.

Due to the general and operational restrictions due to the COVID-19 pandemic, there was no sponsoring of political party events in calendar year 2021.

Advertising costs for party-affiliated publications

Advertising (total) in €	0
--------------------------	---

Due to the general and operational restrictions due to the COVID-19 pandemic, no advertising was placed in calendar year 2021.

Major positions in dialog with politics | 2021

We believe it is our responsibility to actively help shape the framework for our economic activity by engaging in dialog with our political and civic stakeholders. To achieve this, we ensure coherent communication across all brands and companies. We also introduce our positions in the discussions within associations. List of the significant positions we adopted in 2021, in alphabetical order¹:

Work in the pandemic.....	1
China	2
Decarbonisation	2
Digitalisation and automated driving.....	2
Electric mobility and end of the combustion engine	3
European Union.....	3
International trade and competition	4
Artificial Intelligence	4
Sustainable Finance.....	4
Right-wing extremism	5
Transformation of the economy	5
Transparency of Public Affairs	5
Business and human rights	5

Work in the pandemic

Employees' health remained a top priority in the second year of the pandemic. Testing capacities and vaccination offerings at sites around the world helped to relieve public health systems. In Germany, we recommend modernizing legal requirements on working time in line with the

¹ Based on the original document in German.

needs of employees and the realities of the workplace. Temporary employment should be retained as an important instrument of flexibility and the short-time allowance scheme should be continued in 2022.

China

The Volkswagen Group promotes continuity in German foreign policy with regard to China. There are many political differences, some of them considerable, between Germany and the European Union on the one hand and the People's Republic of China on the other. At the same time, economic ties and relations have continued to develop positively. Because of this, there is no alternative to expanding economic relations, cultural exchange and greater cooperation on climate protection.

Decarbonisation

The Volkswagen Group supports the goals of the Paris Agreement and the efforts of the international community to adopt appropriate measures. On EU-level, the company welcomes the European Green Deal (EGD) as a decisive framework for the future and the "Fit for 55" package as an important regulation to reach climate neutrality in the EU. The importance of the holistic approach of this regulation is also underlined by the cross-industry CEO Alliance initiated by Volkswagen Aktiengesellschaft ([position paper "Our contribution to the EU Green Deal and our support to the Fit for 55 Package", July 2021](#)). With the alliance, the Volkswagen Group is also advocating an EU-wide and cross-sectoral CO₂ pricing system ([position paper "EU ETS and carbon pricing", July 2021](#)) that goes hand in hand with effective carbon leakage protection for European companies. A CO₂ border adjustment mechanism must be carefully examined. The Volkswagen Group is living up to its responsibility to offer sustainable and efficient technologies (tank-to-wheel approach) by investing heavily in electric mobility. The reduction announced targets in CO₂ fleet regulation can be met only with comprehensive electrification. The Volkswagen Group recognizes that the speed of transformation will vary from region to region, depending on, among other things, local political decisions for investment in electric mobility and infrastructure. In order to achieve a holistic and long-term CO₂ reduction in the transport sector, the expansion of renewable energies is the decisive contribution to achieving the climate goals. The Volkswagen Group also contributed these positions to a B20 task force ([position paper "Energy & Resource Efficiency," October 2021](#)) and explicitly advocated an end to subsidies for fossil fuels and an early phase-out of coal in Germany ([tweet by the Group's CEO, September 2021](#)).

Digitalisation and automated driving

Connected, fully automated vehicles have the potential to make traffic safer, greener and more efficient, as do autonomous vehicles further down the line. This new technology requires a clear and commensurate legal framework, which includes ethical aspects in product development and, for data collection and use, takes into account product and traffic safety and the data pro-

tection interests of users. Furthermore, adjustments of the infrastructure towards higher connectivity are helpful and increase the level of comfort – for example, a comprehensive, uninterrupted, fast radio network. Measures such as digital city maps and clearly legible lane markings and traffic signs are part of this as well. The licensing of data from vehicles and its use for services will be an important new business model. The Volkswagen Group supports an EU-wide approach and the association's position ([ACEA position paper, November 2021](#)) and will license and pass on data to third parties under fair conditions, but will not grant direct third-party access to data. Compliance with the "Extended Vehicle" standard with neutral or OEM servers is intended to ensure that data from the vehicle first goes to the manufacturer and then to third parties via a secure connection. The Group is actively involved in initiatives such as the European cloud project GAIA-X, Catena-X, and the Mobility Data Space, which are intended to establish internationally competitive data infrastructures. The Volkswagen Group has participated in official consultations on other digital policy issues at both national and international level.

Electric mobility and end of the combustion engine

The electrification of vehicle portfolios is an essential prerequisite for achieving the European CO₂ fleet targets by 2030. For passenger cars, there is no technologically viable alternative to electric mobility, as this is where the efficiency of electricity – and in the long term green electricity – is used most efficiently. Until electric mobility becomes mainstream, the focus of regulators should be on supporting it. The Volkswagen Group is backing promotional measures for all customer groups, a mix of incentives to encourage purchase and use, targeted measures to create a used car market and the development of charging infrastructure. The development of an EU-wide customer-friendly public and private charging infrastructure must be structured along legally binding targets and charging point quotas for all member states. CO₂ fleet targets for 2035 and beyond should take into account the development of electric mobility and charging infrastructure. The discussion about a politically determined phase-out date for vehicles with combustion engines is not expedient: In the medium term, they will no longer be allowed in the EU and will no longer be produced. The specific date will be decided on the basis of consumers' choices as well as a political and social consensus ([post on LinkedIn, June 2021](#)). In the debate on Euro 7, the Volkswagen Group supports the association's position ([ACEA position paper, December 2020](#)).

The Volkswagen Group expects that electrification will be the sole or clearly decisive solution also in light duty-vehicles and heavy-duty long-haul transport and is promoting the development of the corresponding charging infrastructure in Europe ([ACEA position paper, November 2021](#)).

European Union

It is in the Volkswagen Group's interest to maintain a Europe that is united, sustainable and internationally competitive. The European Single Market, cross-border trade, freedom of movement for professionals and the exchange of knowledge are the basic prerequisites for ensuring

competitiveness. The COVID-19 pandemic has highlighted the interdependence of European industries and made solidarity with particularly affected regions indispensable.

International trade and competition

Free, fair global trade coupled with working partnerships are a prerequisite for prosperity, employment and sustainable growth worldwide. The Volkswagen Group supports an open and free trade policy that dismantles tariff and non-tariff trade barriers such as anti-dumping measures, sanctions and tariffs, as only free trade can drive the necessary global change and at the same time strengthen rule-based multilateralism within the framework of the WTO. In times of growing unilateralism, this must remain the primary goal of international trade policy. The increased extraterritorial application of different jurisdictions and compliance with them to avoid sanctions increasingly poses challenges to European companies with regard to their own economic activity. Autarky and protectionism are not realistic options for sustainable and fair globalization as a basis for growth and economic development. Free trade and market efficiency must remain the key principles of economic policy. Holistic trade agreements that strengthen sustainability in trade policy and include binding commitments to the Paris Agreement or to the United Nations Guiding Principles on sustainable development, business and human rights are to be welcomed from the Volkswagen Group's perspective. The Volkswagen Group is in favor of regulatory projects at national and international level that take into account and promote the aforementioned fundamentals and principles.

Artificial Intelligence

The Volkswagen Group is working with the associations for a balanced and sector-specific European regulation on artificial intelligence (AI), which ensures legal certainty and at the same time creates a dynamic and flexible ecosystem that can adapt to the constant development of the technology. Within the automotive industry, AI has great potential whether in its embedding in the sector's products, in production or manufacturing processes, or in value chains ([ACEA position paper, November 2020](#)). The Volkswagen Group develops AI solutions internally, but also integrates and uses systems developed and provided by third parties. Generally, the company welcomes the EU Commission's appropriate and commensurate proposal to regulate AI, but still sees a need for clarification regarding the obligations of third parties to demonstrate compliance with legislation, the interdependency with the General Data Protection, the territorial scope and the timetable. The Group has presented its positions in official consultations on EU and national level ([company feedback to the EU Commission, August 2021](#)).

Sustainable Finance

The EU Commission's "Strategy for Financing the Transition to a Sustainable Industry" and the planned delegated act for the environmental goals "Sustainable Use and Protection of Water and Marine Resources," "Transition to a Circular Economy," "Pollution Prevention and Control," and

"Protection and Restoration of Biodiversity and Ecosystems" will result in new reporting requirements for the Volkswagen Group. Through its associations, the company has participated in the official consultation on the "Taxonomy Pack" of the Platform on Sustainable Finance, which specifies the above-mentioned goals.

Right-wing extremism

During the Second World War, some 20,000 forced labourers were employed in Wolfsburg. With its own history in mind, the company is committed to combatting extremism in general and especially a rise in right-wing extremism. The Volkswagen Group is party politically neutral, but not indifferent. It puts forward its own positions in discussions with politicians around the world, but makes decisions about contacts with individual stakeholders on the basis of the Group's values.

Transformation of the economy

It is the task of politics to provide impulses for innovation and future-oriented investments and to create reliable framework conditions for the economy. To this end, a funding framework should be established to support strategically relevant topics. The promotion of an economic and competitive battery cell and semiconductor production by politics in Germany and the EU is indispensable in the spirit of European strategic sovereignty. The measures for such a framework must be compatible with the EU internal market in terms of competition law. This requires an adjustment of EU laws on state aid and a change from a regional to a transformation logic. Economic stimulus and reconstruction programs in the wake of the Covid-19 pandemic should also promote future projects for climate protection and digitization and thus also strengthen the industrial base in Europe. Research funding programs must be better tailored to the requirements of the industry in the future. This can be done efficiently within the framework of innovation partnerships. Application requirements should be harmonized. The European Commission's Funding & Tender Opportunities Portal could serve as a model for a portal for the electronic submission of funding applications.

Transparency of Public Affairs

The Volkswagen Group supports regulations regarding the transparency of public affairs. Wherever political guidelines are already in force, they are followed. Service providers are also committed to the Principles and Guidelines for Public Affairs applicable in the Group. The Group is registered in the Transparency Register of the European Union and complies with the associated requirements ([entry by Volkswagen Aktiengesellschaft, updated 2021](#)). The company is preparing an entry in the register in Germany, which will be possible from 2022 onwards.

Business and human rights

Since the first drafts of the German Supply Chain Due Diligence Act became available, the Volkswagen Group has been dealing with the requirements and aligning them with internal structures and processes. The fact that a long and important debate has come to a conclusion

with the passing of the law is to be welcomed. The Volkswagen Group supports a binding legal framework that obliges companies and their suppliers to respect human rights and has always been in favor of EU-wide regulation in the long term. The company also welcomes the European Commission's plans for such a legislative initiative. It should set a uniform standard at European level that offers companies legal certainty in their field of activity and establishes level playing fields.