

# STAKEHOLDER EXPECTATIONS AND RESPONSES OF VOLKSWAGEN AG

Action area	Stakeholder expectations & feedback*	Volkswagen AG reactions
Decarbonization	<ul style="list-style-type: none"> <li>- Compliance with the Paris Climate Agreement</li> <li>- Substantial contribution to the reduction of greenhouse emissions and pollutants</li> <li>- Implementation and expansion of the electrification initiative</li> <li>- Expansion of sustainable mobility services</li> <li>- New partnerships and strategic alliances aimed at solving transport policy challenges and hitting global climate targets</li> </ul>	<ul style="list-style-type: none"> <li>- Decarbonization program &amp; Environmental Mission Statement (certification of CO2 reduction targets by the Science-based Target Initiative in 2020)</li> <li>- International projects on CO2 compensation</li> <li>- Expansion of the Roadmap E: increased investment volume, market introduction of new e-models (e.g. VW ID.3, Porsche Taycan)</li> <li>- In-house Naturstromangebot® for customers (e.g. Elli)</li> <li>- Creation and expansion of an electric charging infrastructure (e.g. IONITY), mobility-on-demand services (e.g. MOIA, WeShare)</li> <li>- City partnerships for urban mobility solutions</li> <li>- Strategic partnerships with Ford, Microsoft and Amazon</li> <li>- Establishment of the CEO Alliance for Europe's Recovery, Reform and Resilience as a cross-sector and international EU action alliance consisting of companies that are strongly committed to decarbonization</li> <li>- Voluntary and consistent reporting about climate-related financial risks and opportunities under the TCFD</li> </ul>
Workforce transformation	<ul style="list-style-type: none"> <li>- Socially responsible restructuring of the workforce as part of increased electrification and digitalization</li> <li>- Advanced training and retraining of employees</li> <li>- Expansion of digital and software expertise</li> <li>- Entry into new business fields for the purpose of protecting jobs</li> <li>- Increased diversity and inclusion</li> </ul>	<ul style="list-style-type: none"> <li>- Development of transformation scores to measure workforce transformation</li> <li>- Employment guarantees for employees of Volkswagen AG</li> <li>- Study of the workforce transformation with the Fraunhofer Institute for Industrial Engineering</li> <li>- Comprehensive training as part of the transition of plants to e-mobility</li> <li>- Development of talented software experts (including Faculty 73, support of the programming school 42Wolfsburg)</li> <li>- Creation of a Volkswagen software organization – Car.Software Organization</li> <li>- Entry into new business fields (e.g. Volkswagen Components to produce mobile charging stations, battery-cell production and recycling in Salzgitter)</li> <li>- Long-term use of the company-wide Opinion Survey to measure employee satisfaction and gain employee feedback, use of the Diversity Index as a key performance indicator to increase the percentage of women in management and the degree of internationalization in top management</li> </ul>
Circular economy	<ul style="list-style-type: none"> <li>- Introduction and development of new concepts to promote a circular economy in production</li> <li>- Conservation of resources, reduction of CO2 emissions and fuel during the use phase</li> </ul>	<ul style="list-style-type: none"> <li>- Development of a circular economy strategy in close consultation with stakeholders</li> <li>- Creation of the initiative "Zero Impact Factory"</li> <li>- Closed loop recycling solutions for light metals (e.g. aluminum)</li> <li>- Investments in locations to increase energy efficiency</li> <li>- Center of excellence pilot plant to produce &amp; recycle battery cells</li> </ul>
Integrity, compliance, governance and corporate responsibility	<ul style="list-style-type: none"> <li>- Volkswagen as a reputable and earnest company</li> <li>- Assumption of social responsibility that extends beyond the company's core business</li> </ul>	<ul style="list-style-type: none"> <li>- Development and enhancement of an environmental compliance management system (ECMS)</li> <li>- Updated environmental policy by the Group</li> <li>- Continuation &amp; enhancement of the Group integrity program T4I</li> <li>- New memberships in multi-stakeholder initiatives (e.g. GBI)</li> <li>- Voluntary CC projects around the world, incl. measures and projects related to the COVID-19 pandemic</li> <li>- Refugee-assistance program</li> </ul>

Action area	Stakeholder expectations & feedback*	Volkswagen AG reactions
Sustainability management	<ul style="list-style-type: none"> <li>- Anchoring of sustainability in all Group business areas and activities</li> <li>- Professionalization of the Group's international sustainability management</li> </ul>	<ul style="list-style-type: none"> <li>- Revision of materiality analysis</li> <li>- Creation of a sustainability narrative for the Volkswagen Group that will cover the four focus areas: decarbonization, circular economy, responsibility in the supply chain and business, and workforce transformation</li> <li>- Improvement of the sustainability organization by applying the new Group Policy "Sustainability Management"</li> </ul>
Responsibility in supply chains and business	<ul style="list-style-type: none"> <li>- Optimization of coordination between the Group &amp; brands</li> <li>- CO2 as a mandatory contract-awarding criterion in procurement processes</li> <li>- Observance of duties of due diligence along the entire supply chain</li> </ul>	<ul style="list-style-type: none"> <li>- Suppliers' obligation to meet minimum standards in the areas of environment, social responsibility, compliance and anti-corruption</li> <li>- Sustainability rating to evaluate the sustainability performance of suppliers</li> <li>- Code of conduct for business partners, incl. training formats</li> <li>- Implementation of a compliance management system for human rights</li> </ul>
Stakeholder management	<ul style="list-style-type: none"> <li>- Institutional, international and professional external stakeholder dialog</li> <li>- Offers for dialog and transparent communication on goal conflicts and current controversies</li> </ul>	<ul style="list-style-type: none"> <li>- Continuation of the Group Global Stakeholder Reputation Survey</li> <li>- Continuous evaluation of the reputation key performance indicator that reflects stakeholder trust</li> <li>- Enhancement of external stakeholder management during the project "Best Governance Stakeholder Management Outer Circle"</li> <li>- Extension of the mandate of the Sustainability Council until 2022 and expansion of its activities</li> <li>- Stakeholder dialog events with the Volkswagen Stakeholder Panel on the company's strategic topics and goals</li> </ul>
Group management, strategy and goals	<ul style="list-style-type: none"> <li>- Revision and updating of the company strategy</li> <li>- Inclusion of nonfinancial indicators in company management</li> </ul>	<ul style="list-style-type: none"> <li>- Launch of the strategy NewAuto</li> <li>- Addition of nonfinancial metrics to internal company key performance indicators: decarbonization and reputation as new top KPIs</li> </ul>

\* Exemplary comparison; for a detailed look at stakeholder expectations, see documentation of stakeholder analyses, surveys and dialog formats.