

INTEGRITY



INTEGRITY AS THE FOUNDATION OF SUCCESS

Acting with integrity and in compliance with the rules are of key importance for the success and resilience of our Group. This is why we have made integrity and compliance a key element of our NEW AUTO Group strategy and chosen them as one of six focus topics of our sustainability program. Our objective is to act as a role model in this area and thus deepen the trust of existing and future employees, customers, shareholders and partners. We have set out the ethical basis of our actions in our Code of Conduct and in the Group Essentials.

The aim is to gear our rules, processes and corporate culture to enabling every employee to act with integrity and in compliance with the rules at all times. At the same time, we want to ensure that integrity and compliance permanently have the same strategic and operational priority as, for example, sales revenue, profit, product quality or employer attractiveness.

Our Understanding of Integrity

For us, integrity means doing the right thing in a professional context on the basis of our own convictions. This includes steadfastness in adhering to these principles – regardless of economic or social pressures. Integrity is an attitude. It provides an inner compass for correct action. This becomes crucial in gray areas where there are no explicit (compliance) rules or conflicting goals exist.

In addition to personal integrity, organizational integrity matters to us too. It is based on anchoring integrity in the Group's processes and decisions and offers people a fixed framework for interaction. In a third dimension, we understand integrity as an intangible corporate asset: it strengthens our stakeholders' trust and makes us more attractive for investors, customers and employees.

HOLISTIC APPROACH TO INTEGRITY AND COMPLIANCE

Integrity and compliance (I&C) should form the core of our business activities, including in our transformation from a vehicle manufacturer to a provider of sustainable mobility. We set binding standards for this in all areas.

For example, every proposed resolution submitted to the Group Board of Management must demonstrate that it is in line with integrity and compliance requirements and state which relevant risks the targeted resolution includes and how the risks can be reduced. This I&C statement is also binding for decisions of the boards of management of the individual Group brands and companies and for bodies to which the board of management in question has delegated decision-making powers. The I&C statement is thus anchored in the proposed resolutions of the Group's and the brands' top bodies.

As the highest Group body, the Integrity and Compliance Group Board of Management Committee (K-VAC) deals with the design

and guiding principles of the integrity and compliance management system. It is overseen by the Group Board of Management Integrity and Legal Affairs function. The committee includes the members of the Group Board of Management responsible for human resources, finance and IT and other members of the boards of management and top management of the brands. K-VAC analyzes the design of the respective compliance management systems for each risk area and harmonizes the intervening processes. It reviews reports from the brands and regions on integrity, compliance and the T4I initiatives, strategically develops the program and monitors the implementation of the recommendations made in the Monitorship.

In particular, the structures and processes changed in the context of the Monitorship have proven to be an important foundation for our Group. At the same time, they are a task for the future. The boards of management of Volkswagen AG, AUDI AG, Volkswagen Group of America, Inc. and Volkswagen Group of America Chattanooga Operations LLC in particular have committed to continuing on the course adopted and to further promote compliance and integrity in the Group on a permanent basis. An independent auditor is also monitoring the change in our Group. He was appointed on the basis of an administrative agreement with the U.S. Environmental Protection Agency (EPA). The EPA auditorship will run until August 2022.

Together4Integrity: Umbrella for Integrity and Compliance

We are implementing the Together4Integrity (T4I) program to anchor integrity and compliance measures across the Group. It combines the vast majority of the Group's integrity and compliance activities under a single umbrella, applying uniform, robust process and implementation standards. The program not only establishes a worldwide integrity and compliance management system for all Group and brand companies but also advances one of the most extensive change and cultural programs in the history of the Volkswagen Group. The T4I program also refers to the package of measures of the internal compliance risk assessment (ICRA) for implementing the compliance management system across the Group.

T4I Bundles the Activities in Eleven Key Initiatives

T4I will be rolled out in the Volkswagen Group by 2022 and implemented by 2025. The Integrity and Legal Affairs function of the Board of Management has responsibility for it. Under the T4I umbrella, uniform Group standards are defined for a total of 16 departments, including not only integrity management and compliance but also risk management, human resources, procurement and production. T4I is rolling out these standards in the form of more than 100 packages of measures and monitoring their implementation as part of effectiveness assurance.

The packages of measures are grouped in 11 key initiatives:

- 1) HR compliance policies and procedures: The core topic is the integration of integrity and compliance into standard HR processes such as recruitment, training, promotion and remuneration (granting bonuses). Integrity and compliance are also a compulsory topic in annual employee appraisals and form part of training measures for employees across various hierarchy levels. Volkswagen AG and other defined companies additionally keep anonymized statistics on misconduct and the resulting sanctions. These are regularly communicated to employees.
- 2) Code of Conduct: The Volkswagen Group's Code of Conduct (CoC) serves as the key element for reinforcing awareness of responsible conduct and decision-making within the workforce, giving employees support and guidance, and finding the right contact persons in cases of doubt. This creates the basis for compliance with the rules within the Company. The CoC is a component of the Group's employment contracts and is mandatory for all the Group's employees. It is also addressed in annual employee appraisals based on the criterion of "living integrity". In the reporting year, as scheduled, the Volkswagen Group reviewed its Code of Conduct for fundamental, previously unaddressed compliance risks and for whether it was up to date. No fundamental risks were identified.
- 3) Integrity program: The integrity program aims to anchor integrity as a strategic lever and a control variable for decision-making processes in all the brands and companies and contribute to strengthening the culture of integrity. The most important instruments in this program include dialog-oriented communication measures and event formats. The aim is to communicate the key importance of integrity to employees, to make integrity visible and tangible in day-to-day work and to support employees in acting with integrity in their day-to-day work. Employees from various parts of the company who want to advance the topic due to their own personal motivation – so-called integrity ambassadors – carry the topic into the structures of the company and aim to promote lively discussion in this way.

One focus of the program is training for the ability to make decisions with integrity. Specific training modules for all levels of management (including foremen) have been developed for this. Since the end of the reporting year, these have been integrated into all Volkswagen AG's obligatory management training programs. The brands and companies that do not use these programs are required to include corresponding modules in their own development programs for managers.

An additional initiative in the reporting year aimed to further empower employees and managers to demonstrate integrity by exercising their decision-making leeway, thinking entrepreneurially and acting in a solution-oriented manner and thereby

advance the transformation of the Group from a cultural perspective as well.

- 4) Risk management and internal control processes: Our business activities entail risks. Binding structures and processes are intended to create transparency and help manage risk. These include the quarterly risk process, which is focused on acute risks, the standard internal control system (ICS), which is intended to protect key processes, business continuity management, which identifies business-critical processes and protects them with contingency plans, and root cause analysis.
- 5) Internal compliance risk assessment (ICRA) and compliance organization: The ICRA determines the compliance risks in the Group. Based on their risk profile, measures are defined for each company and their implementation is tracked. The compliance risks particularly address corruption, money laundering, embezzlement and business and human rights risks. The ICRA also defines implementation standards for the Code of Conduct, whistleblower system and compliance training. The Group Chief Compliance Officer reports to the K-VAC on a regular basis, but at least annually, on the implementation status of the measures. In the reporting year, the risk assessment was revised, the topic of business and human rights was integrated and the risk exposure of 782 companies was reassessed. The catalog of measures was also revised and updated.
- 6) Whistleblower system: The whistleblower system is the central point of contact for reporting cases of rule-breaking by Group employees, such as white collar crimes, acts of corruption, tax offenses, environmental offenses, human rights violations, infringements of antitrust and competition legislation, money laundering and terrorism financing, breaches of product safety and licensing regulations, and serious breaches of privacy.
- 7) M&A and NCS compliance: Where mergers & acquisitions transactions (M&A) requiring the involvement of the Compliance team are planned, the relevant companies and transactions are audited in respect of white collar crime risks, like corruption, embezzlement or fraud, for instance as part of a due diligence audit. Based on this, the business units are given recommendations for measures to reduce the risks identified. This also applies to joint ventures and industrialization projects, such as the construction of new foreign production sites with external partners, and is now binding for cooperation projects with external partners. Furthermore, Group Compliance deals with compliance management at noncontrolled shareholdings (NCSs), i.e. companies that are not controlled by a Volkswagen Group company as a majority shareholder. This also applies to Chinese joint ventures. Strategic, economic and ethical decision-making parameters are essential for the sustainability of investment decisions in M&A transactions and when supporting NCS.

- 8) Business partner due diligence: In the business partner due diligence (BPDD) process, the integrity, and especially the corruption risks, of business partners and suppliers are reviewed. The process comprises an audit, and further, the constant monitoring of the business partners in respect of compliance with laws and ethical standards.
- 9) Product compliance: The product compliance management system (PCMS) supports our products in meeting the statutory and regulatory requirements of the exporting and importing countries, internal and external standards, contractually agreed customer requirements and externally communicated commitments over their entire service life. The PCMS defines roles and responsibilities for design, implementation and monitoring. We train employees and managers on product compliance and have central points of contact to which our employees can address their questions.
- 10) Environmental compliance: The Group's environmental policy and the environmental compliance management system (ECMS) stipulate that environmentally relevant aspects and requirements must be taken into account in all strategy, planning and decision-making processes of the brands and Group companies. This includes a KPI system that measures progress on the achievement of environmental targets. In addition to actual environmental risks, we take potential environmental risks into account as well. We also extrapolate opportunities that arise for our business model from changes in environmental conditions and regulations. In addition, we prepare for dangerous situations in order to protect employees, customers, society and the environment. Our employees receive training on climate and environmental requirements to improve awareness of these topics.
- 11) Anti-corruption program: The Volkswagen Group has a zero-tolerance policy on active or passive corruption. This is anchored in both the Code of Conduct for Employees and in the Code of Conduct for Business Partners. Further Group policies set out how to deal with conflicts of interest, gifts, invitations, donations and sponsorship. In addition, there are operating guidelines addressing approval procedures and record-keeping. Reported breaches of the code are pursued and processed by our investigation offices, and sanctions are imposed on the employees concerned.

The T4I Program's Implementation Status

For each key initiative, including associated measures, there is a responsible department at Group level. This department determines the design of the measures from the perspective of content and advises the brands and companies during implementation. A consistent, structured plan supports uniform implementation. By 2025, T4I will be implemented in around 850 Group companies.

The T4I toolbox forms the basis for the implementation of the key initiatives that have not already been implemented through their own organization structures and management systems –

for example, the compliance management system. The toolbox contains all the specific deliverables that each Group or brand company needs to achieve within agreed timing and milestone planning.

In the 2021 reporting year, T4I was rolled out in another 95 companies. A total of 707 companies had thus started implementation by the end of the reporting year. These companies together employ more than 90% of all employees in companies majority-owned by the Volkswagen Group.

The managing directors of the relevant company are responsible for successful implementation in the companies. Local adaptation and implementation status of individual measures may differ from entity to entity. The implementation time will also vary. In order to safeguard implementation quality in the individual companies, independent effectiveness assurance testing has been established since the end of 2020. As part of the effectiveness assurance testing, content and processes of the 11 key initiatives regarding design and operational effectiveness derived from the U.S. Monitorship will be reviewed for their sustainability anchoring; implementation of the minimum requirements by the T4I program will also be reviewed on the basis of a risk-based testing approach.

CULTURE CHANGE: INSPIRE AND MOTIVATE

T4I not only aims to strengthen uniform corporate governance on integrity and compliance across the Group, the program also wants to further develop the culture of integrity. T4I is intended to inspire and motivate employees and strengthen their own incentive to act with integrity in all situations. Communication plays a key role here. This is how our senior executives regularly spell out in their "Tones from the top" format how important integrity and compliance are for both the company and every single employee.

Volkswagen's corporate culture is founded on the seven Group Essentials. They define how we want to work together and thus supplement the Code of Conduct. The Group Essentials also form the frame of reference for the role model program, in which managers are to be equipped to set an example of an open discussion culture and contribute to allowing questions, risks or conflicting targets to be discussed without fear of sanctions.

As part of T4I, we want to inspire and motivate employees, particularly through launch events and perception workshops. These events form part of every local T4I implementation strategy. They involve representatively selected employees and managers across hierarchies as players in the change process. This should increase awareness of each individual's valuable contribution. There is also an opportunity to ask questions, name problems and discuss solutions. The events focus on the everyday practice of integrity and compliance, in relation to employee perception.

Since the start of the T4I program in 2018, 573 events have been initiated at 634 companies, of which 115 were recurring perception workshops. More than 33,500 managers and employees have already taken part. By repeating the events, it is possible to measure the progress of the company in question. Discussions can thus be deepened and awareness of the importance of the change process can be strengthened. This has enabled us to make further progress: more than 80% of those surveyed saw the anchoring of I&C as part of the T4I program in the companies as progressing successfully. This represents a further increase compared with the previous year (78%) and a significant increase compared with the first measurement point in 2019 (71%).

Further Increasing the Measurability of Integrity

Methods of monitoring impact and measuring progress are an integral part of the Volkswagen Group's integrity and compliance management system. For example, the central planning and reporting system of the T4I program provides continuous transparency on the implementation status of the key initiatives. This serves both internal Board of Management reporting and effective project management.

In addition to the recurring perception workshops, the annual employee survey – the Opinion Survey – in particular provides information about the progress of our culture of integrity. The Group-wide survey includes a question on whether it is possible for each individual to act with integrity. If employees have any doubts about this, the relevant manager needs to identify and clear possible obstacles together with their team. The question was first asked in the Opinion Survey in 2017 and since then, including in the reporting period, has been one of the three questions with the highest level of agreement in the Volkswagen Group – and the level of agreement has been improving.

In addition, an integrity and compliance survey was run for the first time in the reporting year, and more than 47,000 employees anonymously and voluntarily took part in it. Based on the overall approval rate of 86%, the result shows there is great personal willingness to take responsibility among employees. They know how important integrity and compliance are, know the negative consequences of misconduct and are willing to report such conduct. In addition, the majority emphasize that there is room for open discussion and constructive criticism. However, the survey also shows the differences between the departments, brands and companies. The action areas identified are now being dealt with. The survey will be repeated in 2023.

The brands that manufacture passenger cars use the “compliance, culture of dealing openly with mistakes and acting with integrity” strategic indicator as an additional metric. This is also based on the Opinion Survey and asks about compliance with regulations and processes, dealing with risks and errors, and whether it is possible to act with integrity. The key performance indicator has continuously improved through to 2021 from an already good starting point: since compilation of this indicator began, employee agreement has always been in the highest

category of the underlying five-point scale. Compared to the baseline value, the index rose by 4.1 points, as against a rise in the previous year of 0.2 points. We also use the integrity index. It measures the Group's integrity and functions as a structural early warning system. The index was started in 2019 as a pilot project for the Volkswagen Passenger Cars and Audi brands. Independent business ethicists collect more than 100 measuring points in the categories of compliance & infrastructure, working atmosphere & integrity culture, products & customers, society, and partners & markets. The assessments conducted in the reporting year show an index improvement both at Volkswagen Passenger Cars Germany and at Audi Germany. Gains at both brands in the categories of compliance & infrastructure, working atmosphere & integrity culture, products & customers and society contributed to this.

COMPLIANCE: CLEAR RULES IN THE VOLKSWAGEN GROUP

Sustainable economic success can only be achieved if each individual complies with laws, internal regulations and voluntary commitments. Compliant behavior should be a matter of course for all Group employees. The compliance organization provides support through programs, guidelines for action, processes and practical advice in the Group-wide compliance management system. All compliance measures to be implemented in the companies are set by Group Compliance on the basis of internal risk assessment and defined through a standardized catalog of measures (see ICRA, KI5, p. 86).

In light of the transformation the Group is currently undergoing and international legislative initiatives – including on whistleblower systems and supply chains – the Compliance department constantly updates and monitors its own objectives and implementation in the companies. Group Compliance worked on additional focus points and future-oriented action areas in the reporting year with an action package of 13 initiatives. These included projects for cross-Group cooperation in the markets, further development of IT-based compliance tools and exchange formats with internal and external compliance experts.

Compliance Organization established across the Group

The Group Chief Compliance Officer heads the global compliance organization. They report directly to the member of the Board of Management for Integrity and Legal Affairs and to the Audit Committee of the Supervisory Board of Volkswagen AG. The compliance organization is structured by division, which is intended to strengthen communication and enable harmonized processes across all relevant Group companies.

The divisional compliance officers are generally responsible for several brands and implement compliance measures in their area of responsibility. One exception is Porsche AG; the Divisional Compliance Officer there is only responsible for one brand. One regional compliance officer is responsible for the activities

of the Volkswagen-controlled entities in China. In the reporting year, Group Compliance appointed an additional regional compliance officer for the Asia region. The officer's area of responsibility covers entities in, for example, Korea, Malaysia and Japan.

Group Compliance helps the respective Group and brand companies to carry out their business activities in compliance with the rules and comply with the relevant laws and internal regulations. Focuses include anti-corruption, preventing embezzlement, preventing money laundering, and business and human rights. In addition, compliance must be bindingly included in M&A transactions. Furthermore, Group Legal is conducting corresponding risk assessments in relevant company units and Group companies on antitrust and anti-competitive risks.

Clear Standards for Business Partners

Group Compliance supports the entities with operational responsibility (first line) in conducting business partner due diligence. The aim is to identify risks for breaches of the law such as corruption and disregard of ethical standards at an early stage, avoid high-risk business partners and define measures to minimize risk and implement these with business partners. If this is not possible, the business relationship will be terminated or not commenced in the first place. The business partner in question may be blacklisted from doing business with the Volkswagen Group and blocked from all its brands and companies. The BPDD process is conducted in cooperation with the commissioning department, for example Procurement or Sales. More than 8,600 BPDD reviews were carried out in 2021. As of December 31, 2021, we had identified around 400 cases that led to terminating or not commencing business relationships.

Integration of the Topic of Business and Human Rights

The Volkswagen Group has integrated the topic of business and human rights into the compliance management system and given this area of responsibility key strategic importance. The compliance management system for business and human rights (CMS BHR) is geared to the UN's requirements and specifications regarding business and human rights due diligence.

Continuous Improvement

Internal and external auditors regularly scrutinize the compliance management system. Particularly in the context of the monitoring and improvement process, external auditors regularly audit the effectiveness of the compliance measures in the Group on the basis of risk. In addition, continuous improvement processes support the development of the compliance management system. This system also has Group-wide hot-topic reporting, which serves to rapidly process compliance incidents.

Extensive Compliance and Anti-Corruption Training

Across the Group, all employees are required to complete regular Code of Conduct training (CoC training) in accordance with uniform standards. The content is updated every two years and made available to the brands and companies. The last update was in the reporting year, including on the topics of business and

human rights, environmental compliance, product conformity and product safety, and occupational safety. Employees who underwent their mandatory Code of Conduct training in the reporting year after the training update either for the first time or as part of the regular repeat cycle have therefore been trained in these topics.

Employees have to complete the training and final test in the form of a web-based training (WBT) and repeat it every two years. Passing is documented in their training history. Interns, student workers and doctoral candidates are excluded from the training for technical and process reasons. Production employees regularly receive mandatory Code of Conduct training from their direct managers. This is repeated every four years. Members of the higher levels of management are annually certified on the CoC. They confirm that they will comply with the requirements and undertake to report any serious regulatory violations. Not only are internal staff made aware of and trained on the CoC, business partners from sales and procurement are also made aware of and trained on it on a risk-based basis. The basis for this is the Code of Conduct for Business Partners, which has been a component of the agreements with suppliers and service providers since 2020. The focus of the training is on combating corruption.

Volkswagen AG systematically records the number of permanent staff (employees and management, including full-time and part-time staff) who have a valid qualification for the mandatory Code of Conduct web-based training. In Volkswagen AG, 48,017 employees in the relevant target group had a valid Code of Conduct qualification as of the end of December 2021. This equates to 98.2% of the permanent workforce (employees and management) in Volkswagen AG who need to be qualified with the web-based training on the Code of Conduct.

In addition, Group Compliance develops and implements target-group-specific training for employees in areas or companies with high risk exposure. Anti-corruption training with an in-depth module on dealing with officeholders and mandate holders is mandatory for white-collar employees. Companies with high risk exposure must implement this training in a mandatory way. Volkswagen AG systematically records the number of permanent staff subject to mandatory qualification who have a valid qualification for the mandatory web-based training on the topic of anti-corruption. In Volkswagen AG, 36,565 employees in the relevant target group had a valid anti-corruption qualification as of December 31, 2021. This equates to 74.8% of the permanent workforce (employees and management) in Volkswagen AG who need to be qualified with the web-based training on the topic of anti-corruption, including full-time and part-time employees. The periodic update of the training and the associated repeat cycle in the reporting year led to a reduction in the rate compared with the previous year. The rate is expected to increase again next year once the repeat qualification cycle has been completed. Group Legal also continuously provides antitrust training on a risk-based basis, and the Group Board of Management is also trained on its content.

Training for employees who are employed to key positions in companies with high risk exposure – for example, as a managing director or a financial officer – was continued in the reporting year. This training is implemented across the Group by the respective companies' compliance and personnel managers.

In addition to the aforementioned training, Volkswagen AG's compliance departments offer target-group-specific training formats and communication formats, including management discussions and training courses for disseminators of information. Moreover, compliance content is an established component of all career development paths, from the trainee induction program through programs for leadership and management development to the senior management program. The measures are supplemented by information and communication activities such as awareness campaigns, film and dialog formats, newsletters and interactive games. Based on risk, the Compliance department regularly addresses employees that are exposed to particular compliance risks due to their role or their area of work, e.g. in Sales or Procurement.

Communication and Advice: Options for Employees

The compliance information point has been established as the central advisory office for compliance matters within the Volkswagen Group. The team gives a direct recommendation on the situation or passes the question on to a competent body. Dialog events in the departments supplement the advice offered. Tasks and example cases from the advisory work are regularly included in compliance communication.

In the reporting year, the information point handled 1,335 inquiries (previous year: 1,482, in each case Volkswagen AG). The contact options have been further expanded. Employees can now directly contact the information point in the Volkswagen 360° app. This mainly benefits employees who do not have their own computer connection in the office.

The content of the continuous compliance communication includes the prevention of corruption, conduct in the event of conflicts of interest and correctly dealing with officeholders and mandate holders. The practical "Anti-corruption" guidelines can be accessed at any time. Employees and managers' awareness of the issue is regularly raised with information documents, documentation, films, example cases and extensive communication.

Risk Prevention through the Whistleblower System

The whistleblower system is intended to avert damage to the Group, the workforce and other stakeholders with binding principles and clearly regulated procedures. Employees, business partners and their employees, customers and other third parties can report information on potential breaches of the rules at any time and in any language – including anonymously if they so choose. The whistleblower system offers six different reporting channels for this, which each enable a report to be made anonymously if desired. These include an online reporting channel, through which information is accepted in all languages. This

online channel allows whistleblowers to set up a protected mailbox in the system through which messages can be exchanged with the Central Investigation Office, Audi Investigation Office or Traton Investigation Office including anonymously, for the purpose of processing the whistleblower information – for example, in the event of further questions. Here, anonymity is additionally ensured through special technical protection. In other words, in addition to a voluntary commitment by the Group, it is not possible, for example, to identify the source of the information due to the IT infrastructure used. The other channels include an international 24-hour telephone hotline, through which information can be reported in a total of 16 languages, and external attorneys, who are available as ombudsmen.

The Volkswagen Group assures all whistleblowers and people who support the whistleblowers or the investigations of protection from any reprisals they could experience due to their reports and their efforts to investigate breaches. This is anchored in a Group policy that applies worldwide and described in the Code of Conduct. The terms stated in the Group policy show that the Volkswagen Group complies with the provisions of international whistleblower protection laws. Breaches of the ban on discrimination are treated as serious breaches of the rules.

Strict confidentiality and secrecy apply throughout the investigation process. An investigation is only initiated after a thorough review and in the event of concrete indications of rule-breaking. The presumption of innocence is applied to those concerned. Their response is heard as soon as possible, and, if necessary, their names are cleared if they have been wrongly accused. Sanctions are applied where misconduct is proven. This can comprise a warning, a reprimand or termination. Following serious breaches of rules to which sanctions are applied, structured root cause analyses are conducted and, if necessary, measures to be taken are determined in order to prevent similar incidents in the future.

The task and functioning of the whistleblower system are addressed in the compliance trainings. In addition, in-depth training has been introduced for those target groups that may come into contact with serious breaches of rules due to their work – e.g. employees of the audit functions or in security, human resources, legal or compliance departments. In addition, the whistleblower system is regularly part of the compliance communication – for example, in articles, sharing best practice, example cases, dialog events or film and audio contributions.

The whistleblower system is coordinated by the Central Investigation Office in Wolfsburg. The employees there are processing whistleblower information concerning Volkswagen AG and its subsidiaries. They also process whistleblower information relevant to the Volkswagen Group.

In the event of the investigation of an operational case, the investigation office is supported by Group Internal Audit, Group Security and Group Legal. The experience and expertise

necessary and relevant for this are available in the departments in question. The aim is to ensure the investigation of an operational case as well as possible with internal resources. In addition, the investigation office can also arrange for an investigation by independent and external third parties, such as law firms or auditors. This may occur especially when the accusations concern members of the Group Board of Management or the cases are exceptionally complex legally – particularly with imminent legal impacts (e.g. in the event of particularly serious corruption or possible breaches of antitrust and anti-competitive law). In addition, this approach may be used in cases that include very high risk potential for the Volkswagen Group.

AUDI AG, Dr. Ing. h.c. F. Porsche AG and TRATON SE each have separate investigation offices for themselves and their subsidiaries. There is also a regional investigation office at Volkswagen (China) Investment Company Ltd. This processes whistleblower information concerning Volkswagen AG's Chinese subsidiaries. Cooperation between the investigation offices and uniform processing of whistleblower information are centrally monitored and coordinated in Wolfsburg.

An IT system, internal controls and multiple-party verification support the processing of suspicious activity reports. Reports on the use of the whistleblower system are also made to the Board of Management and the Supervisory Board at regular intervals. The workforce is also regularly informed about the whistleblower system so as to create more transparency and encourage a positive change in the culture.

In 2021, 3,219 pieces of whistleblower information were registered with the aforementioned investigation offices (2020: approx. 2,873). Of this total, around 20% of the whistleblower information was reported anonymously, but with the option of contacting the whistleblower, and around 10% was reported anonymously without the option of making contact. Around 90% of whistleblowers thus permitted the investigation offices to contact them (2020: around 88%).

In 714 cases, the Central Investigation Office accepted an initial suspicion of breaches of rules, particularly breaches of the Code of Conduct, in several cases also of laws and/or specific internal regulations at the same time, with the result that an internal investigation was initiated. Of these, 205 cases involved potentially serious breaches of rules.

In the reporting year, due to relevant whistleblower information the investigation offices investigated individual suspected cases in connection with breaches of rules for the avoidance of corruption.

In ten cases, significant sanctions such as warning notices or severance were imposed. In six cases, these sanctions resulted from the contravention of rules governing the acceptance of gifts as well as governing the avoidance of conflicts of interest in contract award decisions. In three cases, employees did not comply with rules relating to extending invitations to business partners and officials. In one case, so-called facilitation payments by a service provider to customs officials were tolerated, which resulted in one case of employee dismissal.

Eleven investigations due to suspicion of serious breaches of rules in relation to antitrust or anti-competitive law were completed. Of these, the suspicion of a serious breach of the rules was confirmed in one case.

An independent external auditor regularly audits the effectiveness and functionality of the whistleblower system. The audit is currently conducted annually. The Audit Committee of the Supervisory Board, the Group Board of Management and the boards of management of companies concerned are informed of the result and possible suggestions for improvement. Volkswagen AG's Group Compliance department regularly engages in dialog with experts from other companies with the digital ComplianceXChange workshop format to discuss various approaches and solutions together in interactive talks and workshops.

Protection of Customer Data

To meet the requirements of the EU-wide General Data Protection Regulation, Volkswagen AG has created a data protection management system (DPMS) and a data protection management organization. The DPMS ensures that the data protection processes set up are regularly analyzed, are up to date and are further developed. One component of the DPMS is the process for reporting data protection violations (reporting process). It is connected with Volkswagen AG's whistleblower system and IT Security.

In fiscal year 2021, there were two reportable data protection breaches pursuant to Art. 33 EU GDPR in the processing of personal customer data. In addition, reportable data protection breaches outside of the processing of personal customer data were also reported to the competent supervisory authority in due time.

INTEGRITY KPIS

KPI	Unit	2021	2020	Notes and comments
T4I				
T4I rollout in controlled companies	Number	707	639	Since the start of the program
Approval rate from T4I perception workshops	in %	82.7	78	Definition, see p. 88
Overall approval rate from integrity and compliance survey	in %	86	–	Second survey planned for 2023
Information point				
Inquiries processed at the compliance information point	Number	1,335	1,482	Volkswagen AG
Change in inquiries to the compliance information point	in %	–10	–16	
Code of Conduct				
Employees of Volkswagen AG who have a valid qualification on the Code of Conduct	Number	48,017	46,356	Web-based training; scope definition, see p. 88
Proportion of the workforce of Volkswagen AG to be qualified	in %	98.2	98.9	Web-based training; scope definition, see p. 88
Anti-corruption				
Employees of Volkswagen AG who have a valid qualification on the topic of anti-corruption	Number	36,565	45,717	Web-based training; scope definition, see p. 88
Proportion of the workforce of Volkswagen AG to be qualified on the topic of anti-corruption	in %	74.8	97.5	Web-based training; scope definition, see p. 88
Pieces of whistleblower information				
Pieces of whistleblower information	Number	3,219	2,873	In all investigation offices
of which anonymous and without any possibility of contact	in %	10	11	
BPDD reviews	Number	> 8,600	> 6,000	
Culture of rules				
Compliance, a culture of dealing openly with mistakes and acting with integrity		86.3	86.1	Volkswagen Group