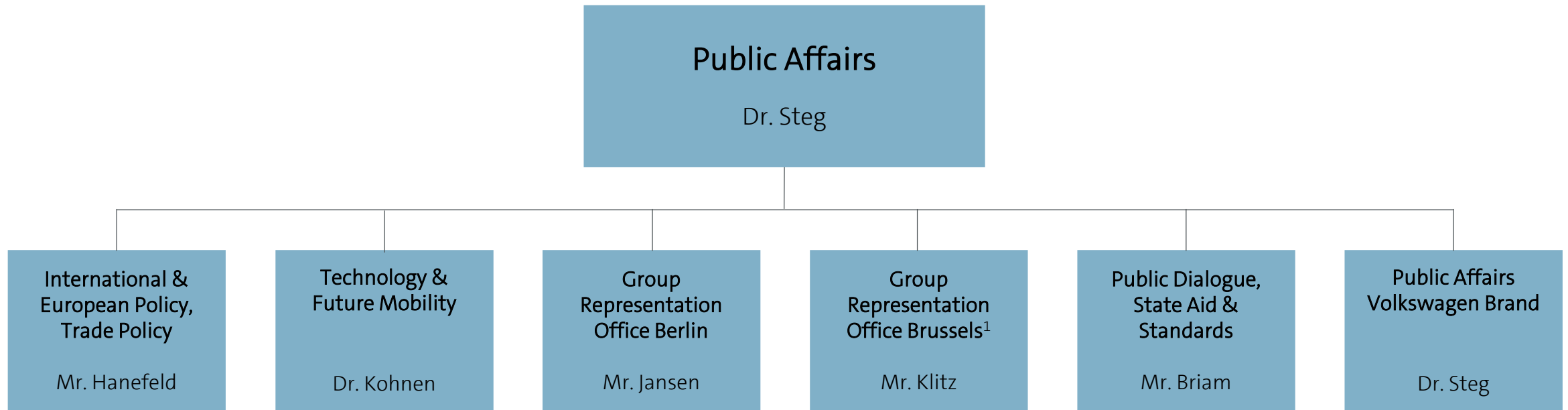


Appendix to the Principles and Guidelines for Public Affairs

2020

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

BusinessEurope, Brussels

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

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

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.

street.food.politics.

After-work venue und information event on current issues in politics and the automotive industry; „young“ format with interactive panel discussions.

50 staff working for committees with relevance for the Volkswagen Group and young multipliers. Takes place once or twice a year in Berlin.

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 2020.

Information on political party events supported by Public Affairs and on advertising costs in calendar year 2020

Support for political party events

Sponsoring (total) in €	0
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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 2020.

Advertising costs for party-affiliated publications

Party	Costs in € ¹
CDU/CSU ²	3.000,00
Bündnis 90/Die Grünen ³	6.000,00
Total	9.000,00

Available budget is allocated according to the number of seats won by the political parties for the 19th German Bundestag (election in September 2017). The funding key is furthermore based on the German market share of 18.4% for VW and 8.2% for Audi in the first half of 2017.

Due to the general and operational restrictions due to the COVID-19 pandemic, no further advertising was placed in calendar year 2020.

¹ Anzeigenbudget Volkswagen Konzern; ² Christian Democratic Union/Christian Social Union; ³ Alliance 90/The Greens

Significant positions in dialog with politics | 2020

We believe it is our responsibility to actively help shape the framework for our economic activity by engaging in dialogue 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 2020, in alphabetical order¹:

COVID-19 protective measures and crisis assistance

At the beginning of the pandemic and in the wake of general restrictions, the Group stopped production in many plants to protect its workforce. Employees' health was also a top priority when restarting production. Tests could be carried out with own test capacities at German sites, relieving the public health system. The Group was also active in crisis aid: Volkswagen South Africa converted a former factory into a temporary hospital in just a few weeks. SEAT manufactured respiratory aids in Spain. SKODA in the Czech Republic and Lamborghini in Italy produced medical protective masks. The Group provided 40 million euros in aid supplies and also supported the procurement of other aid supplies. In coordination with the German Federal Government and within the framework of a procurement contract, the Group looked for suitable producers in China and arranged for transport to Europe. The Group also supported retail partners and suppliers.

Decarbonisation

The Volkswagen Group supports the goals of the Paris Agreement and welcomes the European Green Deal (EGD) as a decisive framework for the future. The company aims to be climate-neutral by 2050 at the latest. The Volkswagen Group supports an EU-wide and cross-sectoral minimum price for CO₂ 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 by investing heavily in electric mobility. The reduction targets in CO₂ fleet regulation expected under the EGD can be met only with a rapid ramp-up of electric mobility. In the USA, Volkswagen Group of America has signed a commitment with the State of California to stricter limits for the reduction of greenhouse gas emissions from the vehicle fleet (model years 2021-2026). This goes far beyond the limits set by US federal law. In order to achieve a holistic and

¹ Based on the original document in German.

long-term CO₂ reduction in the transport sector, the expansion of renewable energies is the decisive contribution to achieving the climate goals.

Digitalisation

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 protection interests of users. Furthermore, adjustments of the infrastructure are necessary. The licensing of data from vehicles and its use for services will be an important new business model. The Volkswagen Group 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 "Extend Vehicle" standard 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 supports initiatives such as the European cloud project Gaia-X and the "Datenraum Mobilität", 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

The electrification of vehicle portfolios is an essential prerequisite for achieving the European CO₂ fleet targets by 2030. For passenger cars, there is no technological alternative to electric mobility. 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 binding requirements. At the European level, resources should be concentrated on the essential issues: Support of the area-wide charging infrastructure and transformation of the European energy system into a green energy system.

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.

The United Kingdom will remain a key market for the Volkswagen Group, even after Brexit. Businesses need clarity regarding the future relationship between the United Kingdom and the European Union. Open market access and transparent customs processes are required in order to avoid disruption to European supply chains.

Funding of innovation

The state is responsible for providing impetus for innovation and investment. Research and innovation support should focus on powertrain concepts and vehicles, energy sources and storage systems, the development of the relevant infrastructure, automated and connected driving, mobility and logistics concepts, manufacturing, and materials. For long-term impact, funding programs should range from research to market activation. The concept of public-private partnerships, which has been demonstrated at EU level, would also be welcomed at German level and could generate synergies between national and European innovation funding.

Patents

A stable legal environment for the protection of intellectual property is crucial for Germany as an industrial center. The Volkswagen Group advocates a modernization of patent law in order to have planning security for the high expenditure on research and development.

International trade and competition

Free, fair trade coupled with working partnerships are a prerequisite for prosperity, employment and growth. The Volkswagen Group supports measures for open and rule-based international trade and the joint reform efforts of the World Trade Organization by its members to strengthen the rule-based and multilateral trading system. Self-sufficiency, autarky, and protectionism are not realistic options. In the view of the Volkswagen Group, holistic trade agreements that strengthen sustainability in trade policy and contain binding commitments to the Paris Agreement or to the UN Guiding Principles for Business and Human Rights are to be welcomed.

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 reserves the right to refuse contact with individual stakeholders on the basis of Group values.

Structural change

It is the task of the state to create future-proof and reliable parameters for businesses. To this end, a funding framework should be established to support strategically relevant topics. The presentation of the "National Industrial Strategy 2030" of the Federal Ministry of Economics in Germany is welcome in this context. The possibilities for promoting economical and competitive battery cell production must be further developed. In terms of competition law, the measures for such a framework must be compatible with the EU internal market. This requires an adjustment of EU laws on state aid. 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.

Transparency of Public Affairs

The Volkswagen Group advocates regulations for 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. The discussion on a register in Germany is welcome.

Business and human rights

In terms of perspective, the Volkswagen Group endorses EU-wide regulation governing human rights due diligence among companies and their suppliers. Such regulation should set a uniform standard that offers companies in the European Economic Area legal security in their field of activity. Under these premises, the Group is also in favor of an initially national regulation that gives individual companies sufficient scope for individual design. Compliance with human rights due diligence obligations is an ongoing process that must be continuously reviewed, improved and adapted. In order to maximize the effectiveness of a due diligence act, the broadest possible scope should be favored. Effective protection of human rights also takes into account the practicability of corporate due diligence in practice: the closer the relationship to the supplier and the greater the possibility of influencing it, the greater the responsibility for implementing corporate due diligence. Volkswagen Group advocates that companies take appropriate measures to minimize the risk of possible human rights violations.